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# Military rule imposed in Poland 'to prevent collapse'

POLAND was yesterday plunged into its deepest crisis since the creation of the free Solidarity trade union movement 16 months ago, after the country's Communist leadership declared a state of emergency and imposed martial law.

A Military Council of National Salvation, headed by General Wojciech Jaruzelski, the Communist Party leader and Prime Minister, took over the reins of power claiming that Solidarity had brought Poland to the brink

of civil war.

In a speech broadcast repeatedly throughout the day on radio and television, Gen. Januzelski said that he had declared martial law "with a heavy heart" to prevent a total collapse of the State. Such a "not days, but

Solidarity was clearly caught unprepared for such harsh meaSOLIDARITY IS 'SUSPENDED, NOT BANNED'

IN THE first official commentary since the declaration of martial law, the Polish Government emphasised last night that Solidarity had been suspended, not banned, and that there would still be a role for the independent trade unions once the situation was "normalised," writes Christo-pher Bobinski from Warsaw. The authorities seek to iso-

its Warsaw headquarters and

crudely printed leaflets demand-

ing a national stoppage were

there was no news of other

communications

No. 28,650

ment with union moderates. This is the reason why Mr Lech Walesa was not arrested. but taken to Warsaw for toplevel talks with the authori-The stance of the Catholic Church is crucial, but the

still hope to reach an arrange-

Church can mediate only so long as there is no bloodshed. Debt rescheduling likely to be delayed, Page 2 : Editorial Comment, Page 12

Strikes and demonstrations could still lead to bloodshed

and civil war, and the Government is nervously awaiting the population's reaction to the general strike call put out by Solidarity leaders Ursus tractor works. Solidarity leaders at the

ment set up a working group to

monitor developments in Poland

If this happens, links between

the Church and the authorities

end at his Camp David mountain

will be cut.

A sign proclaiming a general strike was seen briefly outside Western reaction to the Polish authorities' move was surpris- retreat, but the State Departingly calm. The U.S. Administration in particular made plain that it would not be rushed into making unconsidered statements or taking drastic action. President Ronald Reagan de-

round the clock.

Mr Alexander Haig, U.S. Secretary of State, said at a news conference in Brussels that the U.S. had been assured by the

concern about the situation in Poland and the importance of non-intervention by other countries in Polish affairs.

there would be no return to the

situation before August 1980,

when the Government agreed to

accept major reforms under pressure from Solidarity.

Mr Haig said he hoped the Polish authorities would honour

this promise, but added that the

U.S. was "seriously concerned" about the decision to impose

The U.S. Secretary of State,

who had called off plans to fly to Israel and Turkey yesterday,

said there had been no signs of

direct Soviet involvement in the

But he had nevertheless told

the State Department in Wash-

Polish Foreign Ministry that due to meet in Brussels today to the basic principles of not to discuss the latest develop-

> The U.S. is expected to be represented by Mr Lawrence Eagleburger, Assistant Secretary of State for European Affairs and U.S. Ambassador to NATO. The fact that the meeting is not being held at a ministerial level is an indication of the Western allies' concern not to

> over-dramatise the events in A similar desire to play things coolly was shown by Herr Hel-mut Schmidt, the West German Chancellor, following his historic talks with Herr Erich Honecker, the East German

ington to inform Mr Anatoly Dobrynin, the Soviet Ambassa-der to the U.S., of American Herr Schmidt told a news conference after their meeting: "We both hope that the Poles suc-ceed in bringing to agreement the forces of the Polish people which are in conflict with each

interfering."

The West German Chancellor said he was convinced that Herr Honecker was attached to the basic principle of Polish sovereignty.

After the setting up of the military council, police and troops swarmed into the streets of Warsaw and a police cordon was thrown round Solidarity's headquarters in the capital.

leadership had been taken into custory.

Riot police later used water

cannon to disperse crowds that had gathered outside the Solidarity buildings in Mokotowska Street, and several arrests were made, witnesses

speech, Gen Jaruzelski said that several dozen former Communist officials charged with abuse of authority had been placed in detention, including former Communist Party leader, Edward Gierek and former Premier Piotr Jaroszewicz.

"We shall consistently purge Polish life from evil, whatever its source." Gen Jaruzelski said. Mh Lech Walesa, the leader Riot troops stormed the building in two separate raids last
night, and officials said the Warsaw region's entire Solidarity Walesa held talks with top Communist Party officials only hours !

declared. "Walesa is not arrested and not interned," the spokesman told foreign journalists, "He is being treated with all due respect. He is considered the reported. head of Solidarity, and They said some demonstrators Solidarity's activities have only

after the state of emergency was

#### NEWS SUMMARY

GENERAL

# London explosion kills two in car

Two men, thought to be Iranians, were killed by an explosion which tore through a car in London's West End. A third man in the car, also elieved to be Iranian, was fighting for his life in hospital. The vehicle was parked in Connaught Square, near the Cum-berland Hotel, when the blast

happened. Petectives believe the men have been terrorists on a way to plant a bomb. tland Yard said three or four ofnces of explosives were found in the back of the car, where

#### Bid to save 30 on Industry. Back Page and Page crippled freighter . CHINA'S Parliament urged

women and children, trapped on an Ecuador-registered 10,000tonne freighter which developed 40-degree list off Portland,

As the icy spell continued throughout Britain hurricane force winds caused power blackouts in the south-west. An Inter-City train from Exeter to Waterloo was trapped in snow near Chard, Somerset. Traders hit, Page 4; Weather.

#### Back Page **Hamilton wins**

The Central Fife Labour Party voted 22-14 to reselect anti-monarchist Willie Hamilton as MP. Page 4

#### **Egyptians freed**

Former Egyptian deputy Prime Minister Abdel-Salam Zayyat was among 17 freed after being detained in the late President Anwar Sadat's September

#### Prison chief shot

Gunmen shot dead a commander at Tel Aviv's Ramla gool in an ambush outside his home.

#### Pakistan quake Six died and 12 were hurt when a strong earthquake struck Pakistan's south-western prov-

ince Baluchistan. Storm toll rises

#### The death toll from last week's hurricane and tidal waves in Bangladesh and northern India

exceeded 100. Rail crash victim 66-year-old man died in hospital five days after being

#### Relics recovered

Italian police charged a man with robbery after recovering remains—held to be those of

Saint Lucia—stolen from a

#### Venice church last month. Test draw likely

England's second Test match against India, at Bangalore, is likely to end in a draw today. India scored 405 for seven in

#### their first innings. Briefly . . .

About 2,000 protested the arrival of the aircraft carrier Midway at a U.S. Navy base in

Israeli parliamentary delegation new to the Soviet Union for a 10-day visit.

Fire killed a 78-year-old man at Two-year-old Dunfermline girl choked to death on a Christmas

#### BUSINESS

hastily distributed.

# Privatise THE INTERNATIONAL Energy Agency has warned western state industry finances'

 NATIONALISED industries should have radical changes in their financial structures so that as many as possible operate like private sector companies, a report proposes. Back Page

**♦ LLOYDS Bank** warned the Government that it is in danger of keeping interest rates too high in the name of a monetary target which has become "a misunderstood statistic." Back

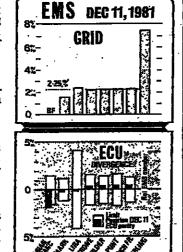
• EXCESSIVE financial gearing is leading to difficulties for many Continental European the two who died were sitting businesses in worsening economic conditions, says Finance for

A big rescue operation was the Government to control launched to save 30, including prices and warned that living costs were rising alarmingly. Back Page

> EMS continued to be plagued by political problems last week. The difficulties of forming governments coalition Belgium and Denmark put pressure on the franc and

> The franc fell outside its alarm bell divergence limit in spite of heavy central bank support and an increase in Belgium's discount rate by 2 percentage points to 15 per

The krone weakened sharply, but remained near the top of the system with the French franc, Irish punt and Dutch guilder.



on Europeen Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency injured in a north Yorkshire except the lira) may move more than Ma per cent. The lawer chart gives each currency's divergence from the "central rate" against the European Curroncy Unit (ECU) itself a basket

> DUTCH Government is to impose wage curbs for a third year in 1982. Page 3

> SAUDI ARABIA oil revenue jumped 75 per cent to an esti-mated \$85bn (£45.2bn) last

> COSTA RICA told international bankers it will need help to finance interest payments on its \$2.7bn (£1.4bn) external debt even if payments of principal are deferred.

 SICMU, one of the biggest machine tool leasing companies in Italy, has been declared bankrupt Page 17

● NORCROS boosted pre-tax profits by £2,24m to £11.28m for the half ended September. Page 14; Lex, Back Page

# West warned on oil supplies

OIL STOCK LEVELS IN MEMBER COUNTRIES OF INTERNATIONAL ENERGY AGENCY

BY RAY DAFTER, ENERGY EDITOR

Agency has warned western nations that the present oil glut could quickly disappear. It has urged member governments to prepare for some suply disruptions which could create energy shortages and force up fuel prices. Following a meeting of the

agency's governing board last week an attempt is being made to combat growing complacency about energy supplies. The board says in a communi-que that the present energy picture is similar to the

was more than enough oil to meet demand. "This apparent calm proved treacherous," says the agency. pointing out that the world was

position in 1976, when there

The agency wants its members At present countries are exagency has decided that 1980 - virtually all the countries in pected to hold at least 90 days' imports should be used as a re-

again rocked by the 1978-79

Netherlan Norway Australia New Zealas Switzerland Turkey W. German IEA total

the Organisation for Economic stocks based on the previous Development and Co-operation year's import levels. In view of (OECD)-to change their stock-

the low level of consumption and imports this year, the

system, based on the first three months of 1981, IEA countries hold the equivalent of 185 days' net imports. Two members-Turkey and Ireland-however hold less than 90 days' supply. In a bid to keep a running

ference. Under the present

check on energy balances, The Paris based agency has also called on member countries to provide monthly data on domes-tic oil production, imports, exports, stocks and consumption exports, stocks and consumption.

In the event of a supply disruption which is insufficient to trigger the agency's full emergency oil sharing scheme the governing board will meet to decide on a plan of action. Measures to be taken might include the discouragement of abnormal spot market pur-

# Shipbuilders reduces first half loss

of its improving financial posi- Government. tion with the news that first-half trading losses had fallen sharply.

months to September 30 was almost eliminated in 1983-84. £7m compared to a loss for the

BRITISH Shipbuilders yester- March 31 would be within the U.S., Mexico, and the Philip-quickly, day produced further evidence £25m loss limit set by the pines among others. The

that the loss will fall further ing berths, three engine buildto about £10m in the 1982-83 ing facilities, and three ship-The trading loss for the six financial year and should be repair companies. In recent months British

E7m compared to a loss for the life recent mounts but Mr Atkinson is worried whole of the previous financial Shipbuilders has announced But Mr Atkinson is worried year of more than £40m. The several foreign orders. It hopes about the impact of reduced year or more to the win more in the new year. warship orders if talks with the

Since British Shipbuilders build cheaper warships to sell Mr Robert Atkinson, the was nationalised in 1977 it has to foreign countries which do chairman, has already forecast closed nine shipyards, 38 build-not need such a highly sophis-

> Employment has been cut by more than 20,000 jobs to 66,750. British Shipbuilders' liking. Mr

state-owned company gave no to win more in the new year. warship orders if talks with the comparable figure for the first half of last year, but said the full 1981-82 trading deficit to state of the new year. Warship orders if talks with the government about naval export. The West Germans, Dutch, strategy after planned home potential customers in Brazil, strategy after planned home french and Italians all build naval ships for exports.

ticated fleet as the British Navy. The talks with the Ministry of Defence and the Royal Navy have proceeded too slowly for Atkinson told MPs last week: ":We're being given a hard dea!

# Water authority pay talks setback as union rejects 9%

BY PHILIP BASSETT, LABOUR STAFF

smooth acceptance of a pay offer be recommended. worth 9.1 per cent on basic rates end as the industry's second- embarrassing to other unions. largest union withdrew from the since the water authorities only The decision by first the water would

national committee and then acceptance. the national executive of the Employees not to endorse the three unions in the industry.

Some revived charges laid against Nupe during the 1978-1979 public services' pay dispute -that the public employees' union was adopting a stance of greater militancy to help its recruitment. Nape officials The union's decision to put

the offer out without any recommendation added to local level confusion over the offer. Some water workers were already reported to have doubts over the offer, given that the offer to Britain's miners—who have been a marker in the water talks—was raised after the water negotiators decided to recommend acceptance.

While the union acknow-

WATER AUTHORITY hopes of service unions and so could not received a setback at the week- water recommendation will be

previously unanimous trade raised the offer to 9.1 per cent union agreement to recommend on basic rates from 8.1 per cent acceptance. on the understanding that it be recommended for But Nupe did follow the line National Union of Public of other unions representing the

1m council manual workers in union's water negotiators deciding to put their pay offer recommendation of the offer of 6.3-7.8 per cent on basic angered officials of the other rates out to the membership three unions in the industry. without a recommendation. The decision came as further

details emerged on the political : divisions which led to the tabling of the offer, despite the strict application of the 4 per cent limit to local government. The offer was finally made on the casting vote of Mr Roy Thwaites, Labour chairman of

the employers' panel, following has a majority of two or three ОΠ the council employers irregular attendance makes union reliance on the majority impossible. At the talks last week, the

majority was whittled away by a number of Labour members leaving during the day, while the Conservatives voted firmly ledged that both the water and for a 4 per cent offer. Evenlocal authority manuals' pay tually, the Labour group offers went well beyond the managed to perstage the Irish Government's pay rise limit of delegate to vote with them to 4 per cent, it said the offers give the 17-17 division and so fell far short of the common to leave it to the chairman's pay objectives of all TUC public casting vote.

# Labour Left-wing urges Benn to fight again for deputy leadership

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

ship contest. Members of the Campaign for Labour Party Democracy (CLPD), one of the Ship contest. Members of the Campaign for Labour Party bers apparently argued passion the organisations behind Mr Tony Benn's bid for the deputy leadership this year, voted overleadership this year, voted overleadership this year, voted overleadership the residual results of the leaf of the meeting passed a resolution of the meet whelmingly at a closed meeting in favour of another deputyleadership contest next year. The meeting, attended on

mediately. The vote means that CLPD to 68. policy now is to press Mr Benn to stand again. But the meeting Benn's traditional power base members of the campaign who leadership contest. But the the Labour I claimed afterwards that it had meeting also showed the Mr Tatchell.

Poland: the sword is unsheathed ... 12

24 hours 13 Loans: dependency has weakened

Arbitration: report on the public

industries .....

sector .....

simulation .....

Technology: oil drilling

Base Rates ..... Building Notes Busineseman's I

Company News ... Crossword .....

an's Dry.

reform: start of crucial

LABOUR Left-wingers fired the first shot at the weekend in what could be a rerun of this year's divisive deputy-leadership contest. Members of the streng Left.

Several leading CLPD members of the streng Left.

Several leading CLPD members of the streng Left.

against the Left. There was also some signs

that Mr Benn's credibility on fury of some of his colleagues, the Far Left has suffered as a identified himself totally with Saturday by about 140, then went on to reject, by just one vote, the advice of its own members of the campaign havconference. But, with some in open definance of Mr Foot.
members of the campaign havHe then went on effectively

- CONTENTS '

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At another Labour meeting on Saturday Mr Benn, to the fury of some of his colleagues,

Mr Peter Tatchell and his tactics

He then went on effectively stearing committee, and to vote ing to leave the meeting for to back Mr Tatchell's calls for in favour of an amendment call one of the Labour Party conextra-parliamentary action, and speech infuriated some of his claimed that he had now put tactics the Left now is. The as some consolation to Mr Foot signs are that Mr Foot has put decision to ask Mr Benn to who is desperately hoping there himself on a collision course stand again infuriated some will not be another deputy with the constituency section of the Labour Party by criticising

#### BANQUE BELGE LTD, 4 Bishopsgate - London EC2 - Tel.: (1)283 1080. ing on Mr Tony Benn to declare ferences going on in London, to urge Labour peers - includhimself as a candidate im- the Left managed to get the ing the front bench — to pull mediately. The Left managed to get the ing the front bench — to pull mediately. The signs of cracks in Mr colleagues at Westminster, who showed just how divided over among party activists may come himself beyond the pail, but the

Management:

#### redundancy ..... 10 Justinian: Lonrho's Editorial comment: Poland: Whitelaw and the police ....... 12 Survey: China ...... Inset ANNUAL STATEMENTS

PROSPECTUS ADS.

# Société Générale de Banque

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SGB plays a strategic role in the development of foreign trade and



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a bit brutal, but I think the Polish Government was no Polish Government was no longer in a position to govern

significantly, exports were only taken in Poland as by the at a level of 20 per cent com- timing. After months of diffipared with this time last year, the country was at a standstill. "I now see the chance for just now putting the finishing Poland to return to a more touches on 1981 debt normal working schedule and this could be a good thing for the banks."

These were the cynical words of a senior banker in Frankfurt last night, reflecting on the developments in Poland over the weekend.

West German bankers need to be cynical: they have a size-able portion of the \$17bn-\$18bn of commercial debt owed to 501 Western banks. When government debt is added, the Poles owe around \$27bn to the West,

a peaceful solution By James Buxton in Rome

Pope calls for

THE POPE yesterday called for a peaceful solution to the crisis in Poland and said that no more Polish blood must be spilt. The Polish-born pontiff was speaking, partly in Polish, at the end of his normal Sunday

blessing in St Peter's Square. The moderate tone of the Pope's pronouncements was in line with all his previous statements on the situation in Poland. As well as following events in Poland closely, he has sought to guide the crisis there to a solution, conscious that his triumphant papal visit to Polandd in June 1979 might have belped trigger the trade union revolt there.

He has met Mr Lech Walesa, the Solidarity leader, three times, and advised him to use prudence and moderation.

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cult negotiations with Polish would be improved. "If they about the cut in communication now work harder and export links between Poland and the just now putting the finishing touches on 1981 debt foreign exchange and be in a as the end-of-the-year deadline resheduling.

The past fortnight has seen a controversy over whether or not the Poles will be able to repay \$450m of 1981 interest owed to the banks. This is a precondition to the signing of the debt resheduling agree-ment, which has been delayed from December 10 to December

It is now likely that this latest deadline will also be delayed into the New Year, say

BY LESLIE COLITT IN BERLIN

THE NEWS from Poland tore

into the harmony of the inter-German summit like 2 jagged

knife, revealing instantly the

fragile nature of detente between the two German

States in the face of the

drama being played out 55 miles to the East.

Polish correspondents at the Press centre huddled around

transistor radios tuned to Polish Radio's hourly broad-

casts of General Wojciech

Jaruzelski's morosc voice tell-

ing his fellow Poles of the

emergency rule he had imposed. The Polish news-

men. hardliners and liberals

alike, all wore deeply worried

Westerners that the General's move was long overdue in the light of the "impending coup

d'état " by Solidarity.

Soviet correspondents told

AN AFFORDA

STEP FORWA

to the debt talks voiced the hope that with military control of Poland, working standards would be improved. "If they foreign exchange and be in a better position to repay bank debt," he said.

In London, another banker involved in the debt talks was less confident: "The fact that there is a state of emergency and the fact that there may be a general strike could mean a delay in what we are doing. The Poles may be unable to make the interest payments."

One view which is held by delayed into the New Year, say crisis will put a large question- cial a Western bankers. All of this mark over the negotiated banks.

> "The wound had to behow can one say it—healed," one Soviet journalist said. "It

is in our interest and in that

of the West that this happens," he offered.

An East German official

listening to Gen Jaruzelski's speech looked up at a westerner and remarked about

the coincidence that here was another "historical event" taking place on the 13th of

a month. The wall dividing

Berlin was built on August

East and West stood together

with East German personnel

from the summit Press centre

watching an East German

television announcer who

read the Polish leader's

speech verbatim every few hours.

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Clusters of newsmen from

At the Bank of America, Mr Bernard Butcher, a director of

international business, explained: "They have a massive debt for which there is no immediate prospect of repayment on schedule. We have to stretch it out." Mr Butcher went on to hope.

along with other bankers, that One view which is held by the "politics" of Poland would on the foreign exchange man-several bankers is that the latest not affect the country's finan-kets particularly in the D-mark. Polish authorities meet heavy resistance from the population lations with Western Over the past year, new poli-"Whoever is running tical crises in Poland have regucial relations with Western

"It looks bad," an East

German waiter said. Was he mainly worried about the im-

pact a possible disaster in Poland would have on his

and other East Germans' daily life? Unlike Poles, the

East Germans no longer have a nation but cling all the more

fiercely to their hard-earned

"It's about time the Poles

quietened down and put in a good day's work." said an East

German wearing a dark blue

At Chanceller Heimut

Schmidt's final Press con-

ference, West German corres-

pondents - apart from one delicately worded question -

Rapt attention

The 'wound that had to be healed'

One banker sighed after expressing his concern and declared: "It is grim, and not just for us as bankers."

Stewart Fleming adds from Frankfurt. West German bankers' uncertainty about the West German implications of the steps which have been taken is likely to be reflected in the nervous trading on the foreign exchange mar-

did not ask the Chancellor about Poland while he was

still on East German territory. For months the East German

leadership has been urging Gen Jaruzelski to crack down on Solidarity. Moments later

in an interview on West German television, Herr Schmidt said that what was

happening in Poland "need not affect" relations between the two German states.

Two Hungarians watched

the news from Poland on East

German television with rapt

attention. Much like the East

Germans they too believe

the Polish leader had no other

choice but to move against Solidarity. This was not Hungary, 1956, they noted, when, after all, Soviet tanks

moved in to smash the Hun-

kinds of originals and any

paper commonly used in

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office work.

This week, bankers in New York, London and Frankfurt will be monitoring closely all further developments in Poland.

One harder sighed after the development of Poland. about developments in Poland,

bankers said.

The dollar rose to DM 2,2895 from DM 2,2770 when western markets closed for the weekend on Friday. It also firmed to SwFr 1.8600 from SwFr 1.8515 and to Y220 from Y219.65 while the British pound fell to \$1.8625 from \$1.8670.

There are fears that if the

"WHAT I AM saying may be a bit brutal, but I think the Polish Government was no longer in a position to govern the country.

"Coal production was down significantly, exports were only at a level of 20 per cent compared with this time last year, pared with this time last year, pared with this time last year, and the country.

"WHAT I AM saying may be a bit brutal, but I think the bit brutal, but I think the both talks involve fresh funds for Poland and the fresh funds is productive to the best and hope there is some the best and hope there is som

Germany. In recent months, there has been an intense debate among hankers over the extent to which provisions ought to be made against potential losses in countries with payments difficul-

ties such as Poland.
In the last analysis, however, some bankers concede that if a crisis in Poland were to lead to a long-term interruption in payments of interest and principle, then it might be necessary for the Bundesbank or the government to make clear its determination to support the hanking system.

# Western states seek to calm fears

WESTERN governments yester day generally sought to calm fears raised by the crackdown in Poland. They also avoided siding openly with Solidarity. fearing that their support could

worsen the situation. Leaving London for Washington Mr Caspar Weinberger, the U.S. Secretary of Defence, said the situation was "very potentially dangerous. . . It is a source of considerable concern at the moment because of the strong feelings and the worries that the beginnings of freedom in Poland may be stamped out."
But in Brussels, Mr Alexander Haig, the U.S. Secretary of State, said he saw no signs that the Soviet Union was about to intervene directly.

Mr Haig has postpoped for at strong feelings and the worries

Mr Haig has postponed for at least 24 hours a trip to Israei and Turkey. The North Atlantic and Turkey. The North Atlantic Treaty Organisation is convening a special meeting today to discuss how the West should react. It will be attended by ambassadors and some countries' political directors, in particular Mr Lawrence Eagleburger, the U.S. Assistant Secretary of State for European Affairs.

Affairs. The general western approach, however, is to avoid dramatising the situation, so allowing Moscow to accuse the West of interfering in Poland's internal affairs. It is for this statement that Note did agor call. reason that Nato did not call

reason that Nato did not call an emergency meeting yester-day, diplomats in Brussels said.
Equally, if European Community Foreign Ministers had not been due to meet in London today and tomorrow to wrestle with EEC reform, no special meeting would have been called, some Community members said.

M Claude Cheysson, the French Foreign Minister, reflected this mixture of caution and anxiety over Soviet intentions when he said yesterday that events in Poland were "an internal Polish affair that must be handled by the Poles.

M Cheysson also said: "We see no evidence, for the moment, of the threat of oulside intervention, and thank goodness." Last week the Polish Government gave a hint that it might be about to move when it asked M Pierre Mauroy. the French Prime Min 1 to cancel a visit to Poland this Herr Helmut Schmidt, the

West German Chancellor, told a news conference after ending his talks with East Germany that the two countries were "holding strictly to the basic In London the Foreign Office said merely that it was trying to find out what was happening.

Criticism of the declaration of martial law came from the Belgian Government, the Italian Communist Party and the Brussels-based International Confederation of Free Trades Unions Unions.

Unions.

The more general approach, however, was to stress that the West need take no immediate decisions on Poland. Bankers have still to sign an agreement on rescheduling \$2.4bn (£1.2bn) of debt falling due before the end of 1981, but western governments do not have to take up the question of financial aid until the end of the month, one official involved said last night. official involved said last night.



Lech Walesa, the Solidarity leader, being carried shoulder high by fellow workers at a moment of triumph in the union's

# Moscow adopts a cautious approach

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION vesterday. made no direct comment on the emphasise the responsibility of decision by the Polish Govern"extremists" rather than of decision by the Polish Government to impose martial law, Solidarity as a whole suggested possibly presaging an attempt over the next few critical days to give the appearance of able to reach an understanding

crisis.

Soviet radio and television broadcast the whole text of the speech by Gen Wojciech Jaruzelski, the Polish leader, announcing the extraordinary measures and stressed his pledge that Poland would re-

An application for the Polish crisis to be raised in the House of Commons is to be made today by a Conserva-tive MP. Sir Bernard Braine, MP for South-east Essex, said yesterday that he would be applying to the Speaker and he also called for an early statement from the Government.

main "an unshakeable member of the Socialist community." Western diplomats said there was no sign of unusual military activity near the Polish border and no indication that there had been recent high level contacts between Soviet and Polish

diplomats.

In its report of Gen
Jaruzelski's speech, the Soviet
news agency, Tass said martial
law was declared because of
"irresponsible actions by
extremists" in Solidarity who
were "openly straining for
power."

The fact that Tass chose to

The Soviet Press has urged the Polish authorities to take a tough stand against Solidarity The tone of the Tass report

was positive, however, and the news agency quoted Gen Jaruzelski as saying that the state of martial law threatened no one and had as its aim only the removal of internal danger. Tass said it had been decided

to isolate Solidarity's extremist leaders as well as a group of persons who bear responsibility for the socio-political and economic crisis in Poland—a reference to former Polish Communications and the socio-political and economic crisis in Poland—a reference to former Polish Communications and the socio-political and economic to socio-political an The dispatch, which had a

Warsaw dateline, also said that Gen Jaruzelski called for a rallying of the ranks of the Polish Communist Party, which it called "society's guiding force"

The cautious Soviet reaction is believed to reflect a desire that Jaruzelski's emergency measures will be enough to prevent a loss of power by the Communist party but will not lead to civil war.

The Soviet leadership is aware of the depth of anti-Soviet feeling in Poland and has shown consistently over the past 16 months that it does not want

# Washington takes 'a low-key view'

mountain retreat.

Mr Regan said it was "premature" to speculate on what the Administration would decide, in response to the latest Polish request for \$700m (£362m) to \$800m (£413m) in U.S. aid. No final decision had yet been taken, he said.

resterday kept cool, as news of complicate today's scheduled the Polish crisis broke. Washington decided that for the time Poland's \$26bn debts to western

ington decided that for the time being the best course was to stand back and watch the unrolling of events, in consultation with its allies.

"We are low-keying it," said Mr Donald Regan, the Secretary of the Treasury, the senior Government official in Washington at the weekend. There had been no increase in the state of alert of U.S. forces, and consultations in Washington had not reached crisis levels, he said.

At the State Department a working group was set up to monitor Poland on a 24-hour basis. But President Reagan decided not to interrupt his weekend at his Camp David mountain retreat.

Mr Regan said it was "precompromise.

The State Department said it was advising Americans not to travel to Poland, although it foreigners already in the country. The Polish authorities have said that foreigners were free to leave, it noted.



#### Christmas gifts goes ahead

UTRECHT — A massive citizens' convoy carrying 200,000 Christmas parcels of food and medicine left the Netherlands for Poland yesterday despite Warsaw's sudden declaration of a state of energency.

Several thousand people gathered to see off the convoy of 140 vehicles, including about 110 heavy trucks; from an industrial park outside this central Durch city.

The convoy is due to arrive in Poznan tonight and then to split up into 11 smaller convoys with 132 destinations across Poland.

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Mr Alexander Halg: attending Brussels talks Dutch convoy of BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

friction about how to handle then, will enable the Chinese

China set to sign £717m

Japanese loan package

The Y300bn "aid" package.

which Japan proferred to China

as long ago as September, and

which was informally accepted

to complete work on two of the

major construction projects sus-

two projects are Phase One of

the giant Baoshan integrated steel works near Shanghai, and

pended last winter as a result China began hinting last of budgetary problems and year that it might have to susforeign exchange shortages. The pend work on a number of

petrochemical complex at formal suspension notices.

Other major petrochemical Government level.

# Wage curbs for third year in Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government is to impose wage curbs for a third year in 1982 following the breakdown of central wage negotiations. The move is a blow to the new left-of-centre Government which had hoped to establish better relations with the unions.

People earning more than FI 53,000 (£11,280) a year will not receive full compensation for increases in the cost of living. Wage levels are adjusted automatically twice a year to keep pace with inflation, currently around 6,5 per cent.

The annual holiday bonus paid to most workers will be restricted to 7.5 per cent of their annual wage instead of 8 per cent while an upper limit of FI 5,200 has been set. These measures are necessary

to restrain the growth of wage costs next year to 6 per cent. instead of the earlier forecasts of 8 per cent, Mr Joop den Uyl the Social Affairs Minister, said. They will also ensure that people on the minimum wage lose only 1 per cent of real spending power while those on the highest salaries lose 4 per

The proposed wage controls will be put to Parliament this week. The Government expects difficulty in their being passed though some details may

be modified.

The curbs have been criticised tian Democrats and Democrats by both unions and employers '66 are less enthusiastic.

BY LARRY KLINGER IN BRUSSELS

fisheries' policy will be possible

The meeting is the second

council to be cancelled and

officials of the European Com-

mission were saying at the week-end that there could not be an-

other meeting for "two or three months."

The lack of progress on

fisheries is a further blow to British's six-month term as

president of the EEC Council of Ministers, which ends this

in Copenhagen after the incon-

clusive Danish general election,

a meeting at which Denmark would be unable to commit it-

self would not be productive. There was, however, some

bitterness over the abrupt can-cellation, with both Danish and

Commission officials making

clear that they had been prepared to go shead.
Some officials suggested that

the real reason for cancellation was that Britain still felt unable

HR YASSER ARAFAT, leader of the Palestine

Liberation Organisation (PLO). arrives in Athens to-

day for a three-day official

visit expected to lead to the granting of diplomatic status to the PLO Information Office

The invitation to Mr Arafat from Mr Andreas Papandreou.

the Prime Minister, was

extended less than a week after the Socialist Party came

to power in the October

In a letter to the PLO leader, Mr Papandreou said

that the Greek people deeply

appreciated the consistent support given by the PLO to the Greek-Cypriots in their struggle to achieve their

lisland's independence and

territorial integrity. He also assured Mr Arafat

general elections.

to make the concessions neces- Portuguese.

but decided at the weekend that, - months. because of the political vacuum

for several months. .

Brussels doubts grow

over fisheries accord

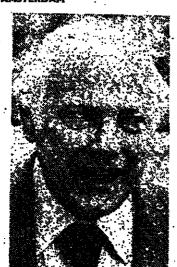
consecutive monthly fisheries the Community's fish.

CANCELLATION OF today's sary for a final agreement. This meeting of the European Com- was despite signs that consider munity Fisheries Council in able progress had been made Brussels has raised doubts over behind the scenes between whether further progress to France and Britain on the wards establishing a common important question of what

wards the establishment of a that much more behind the fisheries policy — a declared scenes work was needed and aim of its presidential term — that this could take several

Security alert for Arafat

visit to Greece today



bargaining process. One large union group, the Christian Trade Union Federation (CNV) threatened to challenge the legality of the Bill in court. The employers and the right-wing parties criticised the curbs

access EEC fishermen might

hold about two-thirds

have in British waters, which

In the end, however, all

parties agreed that a council

unprepared to take firm deci-

sions could easily degenerate into the kind of angry argu-

common policy over the past

The fear was that renewed rows could quickly unravel the

measure of agreement that had aiready been reached. Feeling

Diana Smith in Lisbon adds :

According to Presiden Francois

Mitterrand of France, Paris has

no political objections to Portugal's membership of the Euro-pean Community and any

economic problems are minor.

Spanish difficulties are severe however, and the two countries' negotiations should be kept

separate.

M Mitterrand stressed this

repeatedly during a 24-hour visit to Lisbon at the weekend,

to the delight of the worried

ments that have cons wrecked progress towards a

for producing a further level ling of incomes. Of the three Government coalition parties Labour is keen to see this pro-

wire, the Indonesian Trade projects must export Indonesian January 1, Mr Prawire said. products equivalent to the value of the contract.

The new decrees, already ments over Rupiah 500m. The most controversial is a mentioned in Parliament by (£404m) and not to foreign scheme under which Indonesia Mr Wijoyo Nitisastro, the investment in joint ventures or would link tenders to exports Economic, Finance and Instate-owned companies, he said that foreign companies dustry Co-ordinating Minister, Reuter

awarded contracts for major would come into effect from

**EEC** and U.S. plan more talks on trade

By John Wyles in Brassels

A Y300bn (£717m) financial Premier Gu, include the min-complexes at Peking Nanking package designed to make possisters of Foreign Affairs, and Chungli are still officially sible the completion of some of Finance, Foreign Trade and suspended However, the completion of some of Finance, Foreign Trade and suspended However, the complete of the completion of some of Finance, Foreign Trade and suspended However, the complete of the SENIOR U.S. and European China's stalled plant construc-tion projects will be signed this week when a Chinese minis-terial delegation headed by Director of State Construction.

The Week will as the been taking delivery of Director of the State Economic Japanese machinery shipped Planning Committee and the for all three and paying cash Director of State Construction.

The Week will be signed this Director of State Construction.

The Week will be suppended However, China has been taking delivery of Director of State Economic Japanese machinery shipped for it. Japanese businessmen believe the same businessmen businessmen believe the same businessmen busine Commission leaders agreed in Brussels at the weekend to bold more top-level talks in Washington in February in a continuing attempt to remove scrious trade frictions over on the projects will resume when China has overcome the domestic fund shortages (as steel and agricultural issues. The U.S. Government's now-evident desire to mainwell as feedstock shortages) which prompted the original

tain a joint trouble-shooting exercise at the highest political level is regarded by the Commission as a major gain from the day-and-a-half of talks with four members of the Reagan Administration, led by Mr Alexander Halg, Secretary of

Neither side bad expected any substantive agreements from the contacts between senior Commissioners and Mr Haig and his colleagues, Mr Bill Brock, the Special Trade Representative, Mr John Block, Agriculture Secretary, and Mr Malcolm Baldridge,

Secretary for Commerce.

Both, however, were satisfied yesterday that the discussions had succeeded in achieving some political understanding on the trade problems which should help prevent a further deteriora-tion in relations and offer the prospect of negotiated solu-

SHIPPING REPORT

# 'Mixed bag of sales' enlivens the market

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE SHIPPING markets showed noticeable absence of pre-Christmas cheer last week, al- an influx of new tonnage though the sale and purchase ordered in 1979-80 when freight scene was enlivened by what rates were high. one broker called "a mixed bag

Matheseon (Chartering) said n its latest monthly review that the failure of dry cargo trades to respond much to the seasonal rise in grain demand in October and November seemed to underline their basic weakness.

"It is a reminder that the markets can seldom be supported for long by grain Tar alone." The bad effect of the slack.

world business recession on seaborne trade was coinciding with With the approach of the

Christmas and New Year holi-day, and the imminent closure of the St Lawrence Seaway for the winter, there was little prospect of help for shipowners in the immediate future, it added. Last week, according to Denholm Coates, the dry cargo market was depressing, with grain rates easing and business slack. Tanker business remained

#### **World Economic Indicators**

	. IN	DUSTRIA	L PROD	UCTION		
					% change over previous	Index base
	Oct. '81	Sept. 81	18' .guA	08° 350	year	year
Ų.S.	14 <b>9.</b> 5	151.8	153.6	146.6	+20	1967= 100
	Sept. '81	Aug. '81	July '81	Sept. '80		
Ų.K.	103.4	103.5	101.7	103.9	-0.5	1975==100
W. Germany	713.7	116.6	116.4	115.3	-1.4	1975=100
<b>Italy</b>	125.8	116.0	127.8	125.8	0.0	1975=100
Japan .	147.2	143.7	147.6	141.8	+3.8	1975=100
France	112.1	111.0	111.3	113.9	<b>— 1.6</b>	1975=100
Netherlands	107.0	109.0	113.0	106.7	+0.3	1975=100
	Aug. '81	July '81	June '81	Aug. '80		
Belgium	7 ĬO.8	108.3	116.0	117.5	-5.8	1975=100

#### **Indonesia moves on contracts**

'Minister, has announced major changes in government trade regulations.

The signature — putting a formal end to nine months of

he suspension problem — will

be the main public event dur-ing two days' consultations

between the two governments.

The seven-man Chinese delega-

tion, however, is expected to

take the opportunity to sound

out its Japanese counterparts

on many other aspects of bi-

Its members, apart from Vice-

regulation would only apply to major governmentsponsored projects or procure-

major projects for which

contracts had been awarded to

Japan and followed this with

As a result talks began at

"The company has decided to use cars for business travel."

"The company has decided to use cars for business travel."

'The company has decided to use cars for business travel."



been ordered to protect Mr Arafat, who will fly in from Beirut. Little information is available on his programme and it is not yet clear who he will be talking to. He is however, certain to have at least one meeting with Mr Papandreon.

nation and in particular with

the Palestinian people, of whom, he said, the PLO was

A Greek police alert has

Greek people's with the Arab

Apart from the diplomatic issue, the talks are expected to cover Greece's relations with the Arab world, and the Palestinians in particular, the Cyprus question, and the possible grant by Greece of scholarships to Palestinian

Many companies hear no evil, see no evil and will speak no evil of the company car. In fact the company car is so much taken

to evaluate its real effectiveness. The company car no doubt has some advantages. But for longer trips it can be one of the slowest ways of getting from A to B.

for granted you may have long since ceased

And what exactly are your executives doing all the time they're in the car? They can't prepare for business meetings, they can't relax, they can't even think. And yet you pay them every moment they're in the car. Pay them in effect for doing nothing.

Now, suppose they leave the car behind and take the train. They will be safer (in 1980 not one passenger was killed in a train

accident). They will almost certainly arrive quicker. They can relax in air-conditioned comfort on many trains, sit back in ergonomically designed seats, and give their full attention to any business problem that needs solving.

On Inter-City trains there is ample desk space and a virtual guarantee of freedom from interruptions. Which means an exceptionally high level of productivity. Perhaps even higher than that achieved in

train travel very low indeed.

Undeniably, the car has its place. But for longer trips, especially, there's a lot of

# India receives first slice of IMF's SDR 5bn loan

THE FIRST instalment of 300m the reserves have fællen by

controversial SDR 5bn foan from of the financial year 1981-82, takthe International Monetary ing them in their lowest level Fund's extended financing faci-since 1976. The average monthly lity has been received by India. fall is about Rs 1.7bn and this and integrated with the foreign is growing. exchange reserves.

Rs 360bn (£20bn) and the depletion has been momentarily re-

The next two instalments of months' worth of imports. This SDR 300m each will be received is far below the 10 months of by March and it is expected that 'imports considered "safe." the reserves will thereby re. The present estimate of the main at poughly the same level Finance Ministry is that the

Special Drawing Rights of the Rs 14bn in the first eight months

The government is trying to With this, the sharply failing maintain the reserves at a reserves have risen to just over "safe" level but this is now impossible even after the IMF disbursements. The reserves at present stand at a level of three

until then, despite the large current account descit in 1981-trade gap estimated at Rs 50bn 1982 will be Rs 33bn after tak-in 1981-82. The instalments from the IMF invisibles (such as remittances come at a critical time because from Indians working abroad).

the office. Which makes the true cost of

wisdom in opting for the train.

This is the age of the train ==

BRITAIN'S BITTER weather several more days, after a weekend in which pre-Christmas shopping and travel were badly disrupted. More freezing weather is

forecast for all regions today. The drop in business was so severe last week that the Argos discount chain will keep its 116 showrooms open for an extra two hours a night

Mr Tom McAuliffe, the

chairman, said yesterday that Argos wants to talk with local authorities and shopping centre managements about also staying open next Sun-

day.
"Traders are facing commercial disaster of avalanche proportions," he said. "Last week, our sales were down 21 per cent on what we expected, resulting in a £500,000 profit

Coming at the end of a bleak year for the UK economy, the icy spell has taken a heavy toll on High Street shopping.

"It has been a difficult year for most shops here," said Mr Geoffrey Chapman, assistant general manager of Lewis's stores in Liverpool. "But we were hoping people would forget the gloom and go on a Christmas spending spree." Throughout the country,

trains were delayed. Road travel was risky. At airports, now entering the busy winter

sports season, the prospect was for considerable hold-ups.

The weather was so cold that diesel fuel was reported to have frozen in many lorries and vans. Large areas of the West Country had their electricity supplies cut as blizzards swept the region.

An emergency control room was set up in London as electricity workers in the West struggled to restore power. Grid lines had iced

up and then blown together, causing short circuits.

Road conditions were par-ticularly treacherous in Scotland, especially in the North and East, where weekend snowfalls blocked many roads and made others highly dangerous.

In East Kent, waves of up to 40 feet lashed the coast, causing widespread flooding in low areas. In Hythe, many homes were surrounded by several feet of sea water.

# Ministers urged to heed industry

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

to listen more to company has been appointed chairman of the industrial policy committee his committee should be to find of the Confederation of British

He is Sir Austin Pearce. former chairman of Esso, who has been chairman of British not listened enough to indus- nate of the CBL try," he told me yesterday.

recession, even in areas like the South-East."

He believed the objective of ways for the Government, managements and workers to "come together in the interests of the country."

Sir Austin, who is 60, takes Aerospace during its recent over the chairmanship from Sir switch into the private sector Campbell Fraser, chairman of Dunlop, who is president-desig-

He will preside over a com-

leading role in coming debates on the National Economic Development Council about the lessons the UK should learn from European countries' industrial policies.

The council has just set up a

working party to examine these policies and CBI leaders want to use it to test how much they should do to urge the Govern-ment to adopting a more formal policy itself.

But Sir Austin has reservations about governments or

A LEADING industrialist who "Ministers must take more mittee that will be playing a other outside agencies "picking Esso had not had the manage-believes the Government ought notice of the problems of the leading role in coming debates winners" for companies to ment expertise to develop these

He said he had learned this from Esso which had tried unsuccessfully to diversify into areas it did not understand. In the UK it had failed in a motor hotels venture. On a wider scale, in the U.S. it had failed insulation boards and bricks. More recently Exxon has had problems in diversifying into office automation and innovanye electric motors.

The problem had been that

ment expertise to develop these areas and run them effectively.

"You can't just pick winners and push companies," said Sir Austin who was executive chair-1972 until last year.

"But there are certain areas of activity the Government must encourage in certain technologies, and then individual companies must choose their products according to their own

#### Cash with interest service launched by Clydesdale

BY WILLIAM HALL

smallest of the Scottish clearers, up with the Royal Bank's autois about to introduce a cash dis- mated teller machines. pensing service. Customers will rate of interest on their ways of paying interest on cur-

service, the Cashline Deposit account, since September 1979. ficant interest rate
Customers earn 10.5 per cent
The Scottish banks traditioninterest on funds of under £500 amounts) and can withdraw For every current account in money whenever they like Scotland, there are two interest-through the about 200 cash-bearing savings/deposit acmachines. The machines, which operate 24 hours a day, also answer inquiries about balances.

to introduce its AutoCash sys- was the main reason why the tem. which will offer a similar service shortly. Williams and line Deposit account, which offered the same service and of the Royal Bank of Scotland, interest rate, but replaced the profits from other underwriting activities. Moreover, income from investments could

CLYDESDALE BANK, the similar system which will link

The moves are being watched have immediate access to their by the big four English clearing funds and can earn a significant banks, which are examining rent accounts. Last week the The Royal Bank of Scotland Co-operative Bank announced has been operating a similar that it was launching a current

> ally have had to pay interest on increase for larger the bulk of customers' balances

counts. Scottish customers have used the labour intensive pass-book service to withdraw money from Clydesdale Bank is expected interest-bearing accounts. This

#### Two Lloyd's underwriting syndicates face £5m loss

MORE THAN 600 Lloyd's of reduce the final bill.

London members, supported by Mr Ian Postgate, a Howden a private membership on two underwriting syndicates, face writer, replaced the previous total losses of up to £5m incurred over two underwriting trading years.

The losses have hit the two underwriting syndicates under the management of Alexander Howden Group, the financial holding company with extensive Lloyd's broking and underwriting interests.

The syndicates, numbers 947 and 391, 'specialised in nonmarine business, insuring a general account. For the 1979 underwriting year the members face up to £4,000 each in insurance losses which they will be able to offset against profits from elsewhere in their Lloyd's underwriting activities.

For the 1980 underwriting the losses could be up to £3.000

A FINANCIAL TIMES CONFERENCE

World Coal

Markets

London, 20 & 21 January 1982

Sir Derek Ezra, MBE. of the National Coal Board and Mr Carl E Bagge of the National Coal Association, USA, will be the Chairmen at this

two-day conference. The panel of speakers will include:

director and its senior underactive underwriter on the syndicate who resigned sometime

Last week, Mr Posgate explained that the syndicate had been "fronting" for what he described as "third class" reinsurance groups outside Lloyd's. The practice of fronting involves a Lloyd's syndicate retaining very little of the business which it accepts. In these cases syndicates usually pass most of the business on to reinsurers outside the Lloyd's market.

Mr Posgate deplored the

practice of fronting and blamed it for many of the Lloyd's scandals in recent years. "Lloyd's should ban fronting," he said. "It is using a Lloyd's policy not to run a risk. It is merely a banking exercise." Howden said it did not sup-

port "fronting" as a matter of

#### Kissin to decide on Guinness Peat stake

LORD KISSIN and his advisors, Hambros Bank, are expected to decide within the next few days whether to proceed with a partial bid for a significant stake—thought to be 20 per cent — in the Guinness Peat Group, the commodities to banking operation.

down as chairman of Guinness Peat in 1979 but retains the non-board title of president, has been wanting to increase his stake in the group for some time. It is not known how many shares he holds. But his holding is understood to be about 24 per cent of Guinness Peat's equity. He is said to influence about 20 per cent of the group's total

Several weeks ago Lord Kissin requested the board's permission to increase his shareholding by making a tender not to be in the best interests of the group since Lord Kissin was deemed to have insider information as a result of his attendance at most of the eroup's board meetings during a period when several deals of price-sensitive nature were being finalised.

Lord Kissia has told the Goinness Pert board that he will see show his support for the group hy enlyinging his stake. However, there have been indications that he has not been happy with the direction the roup has been taking under the theirmanship of his successor, Mr Edmund Dell

Mr Dell has been trying to reduce the group's dependence on the volutile commodity merricus by heliding up Guin-tess Pert's operations in finan-

In this connection, Guinness Peat has been looking at ways of strengthening its merchant hink Guinness Mahon. It is considering brinsing a powerful autside shareholder into the bank, which would provide extra capital and give it an important foothold in the U.S. financial markets. Talks are understood to have taken place with one of the biggest U.S. insurance com-

Lord Kissin and his advisers are understood to be annoyed

Lord Kissin, who stepped

Although Lord Rissin has not revealed publicly his views about any move in this direction, it is feared by some members of the Guinness Peat hoard that a powerful bid could incongrise any deal. leoperdisc any deal.

by the speed with which Guinness Peat released information that a partial bid might be forthcoming, since this led to a sharp jump in Guinness Peat's share price. A 20 per cent stake in Guinness Peat would cost bout £15m at current prices:

#### **BL** cracks down on personal car imports

By Kenneth Gooding, Motor Industry Correspondent

BL SAID yesterday that people wanting to buy righthand drive versions of its cars on the Continent, where prices are considerably cheaper, would have to wait between six and 12 months for delivery.

The group is not the only car-maker which has decided to make it as difficult as pos-sible for individuals to make personal imports to Britain from other EEC markets.

BL attempted to justify the situation by claiming it was not able to cope with indi-vidual orders for right-hand drive cars from dealers scattered all over the Con-

The group maintained was not economic to build cars until each dealer had collected a batch of orders because the vehicles were special in that they had to carry certain Continental markings as well as matching British technical standards.

The exception to the long wait rule was sales of righthand drive cars to service-men and diplomats through dealers who had specialised in this type of business for шапу уеата.

BL instituted its Con-tinental policy in May after the personal import business reached a peak. At the same time the group increased the prices of right-hand drive cars delivered to the Continent.

BL claims that prices were simply brought into line with those charged to diplo-mats and servicemen through the specialist dealers. " It was unfair to them to have to pay than importers."

Under the terms of EEC's trade laws, BL cannot refuse orders for right-hand drive cars placed with its Con-tinental dealers and destined to be personal imports to Britain. But it made it clear yesterday that it does not like

#### Hamilton re-selected in Central Fife

MR WILLIE HAMILTON. the anti-monarachist MP for by his local Labour Party yesterday and scotched speculation that he might want to leave the party.

The party committee voted 22 to 14 in favour of Mr Hamilton, having split the vote 19-all in the previous Sunday with his Left-wing contender Mr Henry Mcleish. a 33-verr-old planning officer at Dunfermline.

After the vote in the mining town of Lochgelly. Mr Hamilton said it was idle to pretend the process of reselection was one which MPs enioved. "and as a democratic exercise it is bordering on the farcical."

Asked if he would stay in the Labour movement. Mr Hamilton. a moderate, replied he would and had never dreamed of anything else. Last Sunday he appeared within an ace of heing turned out by the Central Fife Lahour Party but yesterday he appeared to have won some backing away from Mr Mcleish.

#### Sheffield pioneers brain tumour knife

SHEFFIELD IS to instal Britain's first "gamma knife" in one of its hospitals to treat deep - seated brain tumours. Dr Gerard Vaughan, the Health Minister, has approved about £500,000 of stereotactic radio - surgical unit at Western Park Hospital by 1983. The gamma knife operates

by directing hyper-accurate radiation at tumours or other tissue defects which cannot be reached by conventional

# EEC split holds up new textiles package

FINANCIAL TIMES REPORTER

THERE APPEARS no possi-bility of the Multi-Fibre Arrangement being renewed before it runs out at the end of the year.

Taiks on regulation of much

of world trade in textiles and garments opened in Geneva on November 18. It was hoped they would end by Friday, or December 23 at the latest.

If they are not the problem facing the negotiators will be whether to renew the existing

MFA for a limited period, perhaps three months, or allow it to lapse temporarily.

Lapsing would not be too
damaging because trade for 1982

is covered by bilateral agree-ments already negotiated. The failure to reach agreement in Geneva on a second renewal of the MFA lies in the inability of the EEC to agree on its own policy. The first came into force in 1974 and was

renewed in 1978. The EEC is deeply divided.

in the Far East. This is opposed by the Germans, who are gapported by the Danes and Dutch, favouring a more liberal

In the past few weeks the Greeks have come to favour the hard-liners.

For the EEC to agree a common policy would need at least one more meeting of the Council of Ministers. This is physically impossible before next week, too late to influence the negotiations in Geneva, where the European Commission negotiates on behalf of

The EEC's Trade Ministers are spread about the world Mr Peter Rees, the Minister for Trade, fiew to China immediately after last week's Council of Ministers' meeting in Brussels, and will not be back

in London till Friday.

This failure of the EEC will deeply disappoint Far Rastern suppliers such as Hong Kong, Taiwan, Macao and Indonesia. The EEC is deeply divided.

A hard-line group, led by
France, Italy and Britain, wants
a more restrictive attitude to
imports from low-cost suppliers

Taiwan, Macao and Indonesia.

They have banked on renewal
of MFA by the end of this year.

#### Clothing makers 'must sell more abroad to prosper'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

CLOTHING manufacturers need changed from 1979, which to develop a determined commeans that they have declined to develop a determined com-mitment to selling overseas if they are to prosper in the 1980s, the clothing economic development committee warns in its

kets, especially those in Europe and the U.S. the report says. Moves to reduce artificial trade barriers or subsidised competition will therefore be of the utmost importance.

Mr Basil Feldman, the committee's chairman, tells the Government in the document that if it wants the industry to prosper, import substitution must be encouraged. Imports last year, the latest for which figures are available, were little

in real terms. The report states: "This

offers no encouragement that they will be any lower in 1982 . . as they will unlatest progress report.

The industry's future will be closely involved with finding outlets in the high-income marporal deviation.

1982 ... as they will undoubtedly benefit from any recovery in demand and permitted levels of imports and approximately and approximately approximate covery in demand and permitted levels of imports from quota-controlled sources will have increased ... so that no significant restraint can be expected from the present Multi-Fibre Arrangement."

By the end of next year, the

committee predicts that imports might account for half of clothing consumption by volume and about 40 per cent by value.
Clothing EDC Progress Report,
National Economic Development Council, Millbank, London SW1.

cern. 1

n,

#### **Energy conservation body** panel's future in doubt

BY MAURICE SAMUELSON

advisers on energy conservation comes on December 31 to the end of its two-year oppointment with uncertainty about whether

THE GOVERNMENT panel of Sir Hermann said yesterday he a bit more work to do" and in a report presented this week to the Secretary of State, he recommended that it should be re-

The 15-member Advisory want to remain chairman much longer, but the Department has not yet named a successor. Among candidates whose description with had been successor. who had just retired as chief Ian Fells, of Newcastle upon-scientist at the Energy Depart-

#### Big fall in Irish meat exports to Britain

BY JOHN EDWARDS HIGH EXPORT

countries outside the European Community have brought a big fall in Irish meat exports to Britain this year, aggravating the current shortage of UK meat supplies. Tony O'Sullivan, manag-

ing director of the Irish Live-stock and Meat Board, said yesterday that Irish meat exports to Britain this year would fall by 37 per cent, com-pared with 1980, and live cattle shipments would be 48 per cent down.

However, Dr O'Sullivan claimed this did not suggest a dilution of the Irish meat industry's dependence on the British market.
In spite of short-term supply difficulties this year, Ireland was confident it would be able to meet the requirements of

biggest single supplier amongst the EEC countries. Dr O'Sullivan noted that the drop in supplies this year con-

British supermarkets and pro-cessors, and would remain the

HIGH EXPORT subsidies trasted with seriest record encouraging sales to "third" figure last year.

Irish cattle stangaterings were 34 per cent lower this year. Nevertheless, he admitted that the fall in shipments to Britain, which has played a significant part in boosting. UK beef prices was accelerated by the development of more profitable outlets outside the Community, notably bibys, as a result of higher EEC export subsidies.

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Turnip-Radish, Ching Po Leung Lotus Nuts in Syrup, Lotus Nuts Boiled, Lotus Nuts Chinese Medicine Herbs, Chinese Patent Medicines, Medicated Wines. Bristles, Casings, Dried Casings, Feathers, Cock Feathers, Rabbit Heir, Feathers and Down Garments, Cuits, Pillows, Steeping Bags, Leather Garments, Leather Gloves, Clothes and Shoe Brushes, Paint Brushes, Hoof and Horn Grain, Bone Grain, Feather

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# **World Coal Markets**

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BY MARTIN DICKSON AND MAURICE SAMUELSON

THE GOVERNMENT will re- time members come up for reappoint Mr Austin Bunch as appointment in the spring. The chairman of the Electricity four include Mr Glyn England, expires at the end of March, up for renewal in several Mr Bunch, who is 63, was only appointed for 15 months

Dacia Packa

s 'must g

prosper

Now, however, Mr Nigel LawNow, however, Mr Nigel LawThe Government appears to be
Secretary, has The Government appears to be son, Energy Secretary, has asked Mr Bunch to stay on for placing emphasis on finding the

several key decisions top management in nationalised

The most pressing need is to find a replacement for Sir Derek Ezra, chairman of the National Coal Board, who is due to retire the end of July. The Government is understood to be intensifying its hunt though no ment is scrapping two executive obvious candidate seems to have

sidering the composition of the few weeks, to strengthen the

Council when his term of office the chairman. Other posts are regional electricity boards.

The Government has yet to at the start of this year, and decide on the structure of the was viewed as a caretaker NCB leadership after Sir Derek's leader to give the Government departure. Two possibilities are time to find a permanent re- under consideration-having a placement for Sir Francis strong executive chairman, as Tombes, who resigned because now, or splitting the job in two, of a policy dispute with the with a largely ceremonial chairman and a strong chief execu-

another year.

another year.

The move, which will be dustry and then fitting the strucofficially confirmed shortly, is ture to suit this person. It might appoint a complete outfacing the government on the sider as supremo, along the lines composition and structure of it followed with Mr Ian MacGregor at the British Steel Corpora-

> Names mentioned as possible contenders for the chairmanship include Mr Roy Mason and Mr Eric Varley, two former Labour ministers.
> At British Gas, the Govern-

board position—external affairs and marketing-when their in-The Government is also con- cumbents retire during the next Central Electricity Generating role of Government-appointed Board, four of whose five full-non-executive directors.

## **European steel users** want price rises clipped

price rises proposed for next year, and a new approach within the EEC to ensure that any future increases take place only

Representatives of manufacturing industries, who are concerned at the scale and speed at which the cost of steel is rising. expressed their anger at a meeting of the European Coal and Steel Community Consultative

the weekend. They tabled a declaration concerned made the by comcalling for Community decisions mission," the increases had, in to be brought into line with the actual market situation and approved before the consultarestore a climate of trust and co-operation between steel pro- pleted.

ducers, dealers and users.

per cent in January.

This increase is scheduled to be followed by further rises totalling about 5 per cent during the first half of next year. Consumers appear to have abandoned hope of stopping next month's increase. But at the Luxembourg meeting they demanded that the rises planned for later in 1982 should

The steel users deplored the fact that "despite the promise of consultation of all the sectors the consumers' opinion, been tion procedure had been com

It is expected that the com-

#### Tories urge | Tebbit to alter plans on training

By Our Political Corresponde

A GROUP of Conservative back benchers hopes to see Mr Norman Tebbit, the Employment Secretary, today, in a last-minute attempt to persuade him to modify the £800m training package which he he is due to announce

They are worried that the £16-2-week training allow-ance, which Mr Tebbit proposes paying to school-leavers who take part in the want him to get employers to top up the allowance, bring-ing it nearer the £23.50 feenagers receive on the much criticised Youth Opportunities Programme.

The group, which put forward its own training proposals earlier this year in a document entitled "Lifeline," is also unhappy about the element of compulsion in the new scheme, and would like Mr Tebbit to drop his proposal for eventually witholding supplementary benefit from school-leavers who refuse to participate in the new programme.

The most the group seems likely to get, however, is some change in the way the scheme is presented. Mr Tebbit might be persuaded, for example, to present the £16 allowance as the minimum, and to make it clear the Government would be happy to see employers pay trainees some-thing on top of the allowance.

The scheme involves a radical overhaul of training in this country, and will help to keep the unemployment figures down next year. Its aim is to give every unemployed school-leaver a oneyear training period. Teenagers taking part in the scheme will be paid £16 a week instead of the £23.50 they now get on the six-month YOP schemes. But there will be a much higher training element in the new schemes than under YOP. For this reason, the Government argues, it is wrong to compare the two figures.

- The Tory MPs contend that. the Government risks jeopardising a good package by setting training allowances

# Loan dependency 'has weakened industries'

PAST RELIANCE by much of European industry on soft loans which is causing alarm in many countries. The leading UK long-term industrial financing institution, Finance For Industry, expresses the view in a pamphlet published today.

FFI rejects the assertions of the pro-industry looby in the UK which criticises the banks for being too cautious in their lending policies. Such claims have recently been put forward by the Grylls Committee of Conservative backbenchers, which called for increased Government assistance to industry through loan subsidies

and guarantees. FFI says: "To use the credit system as a vehicle for such assistance creates distortions in the supply of capital and in the capital structure of corporations which are so harmful that they heavily outweigh any short-term

It points to the pressure on gearing ratios which is now cine experienced throughout Europe, and is a particular danger in those countries where high gearing has become accepted. "The increasing burden of debt interest and the accepted growing caution of the banks is beginning to convince many on the Continent that a larger element of equity financing is desirable if it can be procured," it

FFI is a private sector instituion owned by the London and Scottish clearing banks, and by the Bank of England, which has a 15 per cent stake. It operates

European businesses' reliance on soft loans has led

to financial troubles, says the FFI. Barry Riley reports

mainly through two subsi- to businesses on the Continent, perience the equity in smaller diaries—Industrial and Com- including small businesses, than companies averages 30 to 40 mercial Finance Corporation it was in the UK. Frequently, per cent of total assets. which supplies long-term loans governments reduced the burden and equity to small companies, and Finance Corporation for Industry which deals with

larger corporate clients.
Today's report—called "The capital structure of industry in nesses in a very weak financial Europe"-arises from a de-position to face the harsher tailed survey of European practice in financing small business, conducted by senior staff of FFI earlier this year.

Eleven countries were visited, with the main aim of finding new ideas to be used in the group's UK operations. In the event, the main conclusion of the exercise has been that weakening economic conditions and high interest rates in many countries are exposing serious shortcomings in the capital structure of industry on the

Continent. FFI feels it is important to publish this evidence because of the continuing attempts by some lobbyists to encourage greater dependence by British companies on loan finance, in the way that has become common in the successful industrial countries like Germany and

Japan. Reports from all countries tell a similar story, though to a varying degree. It is confirmed

of debt service by subsidy.

But it is argued that the high gearing ratios which have resulted from the availability of soft loans have left many busieconomic conditions of the

"In this British-style economic winter, many European companies are finding themselves uncomfortably naked and are calling for the same remedies which have been so criticised in Britain, namely a bigger a smaller burden of debt says the pamphlet.

The result of government intervention is over-lent banks to the detriment of business the long-run. Meanwhile, massively increased public sector borrowing in many countries has helped to raise interest rates to much higher levels than in the 1970s.

The FFI survey has, as expected, revealed generally higher levels of gearing on the pected, Continent than in the UK. where listed companies' equity rarely falls below 50 per cent that during the 1970s, bank of total assets (a debt-equity the terms on which they advance credit was more freely available ratio of 1:1), while in FFI's ex-

Figures have been collected from various sources on the Continent. They include the following:

• In Germany, shareholders' funds declined from 30 per cent in 1965 to 23 per cent in 1976, with continuing weakness since then. In Belgium, the Netherlands

and Portugal, it is not uncommon for smaller companies to have as little as 10 per cent of their assets financed by shareholders' funds.

• In Austria, equity represents element of equity financing and 30 per cent of total funds, but only 15 per cent of new fund-

Borrowed money accounts for 85 per cent of the assets of Italian companies. But the leading Italian small business association, Associazione Lombarda Della Piccola e Media Industria, argues that greatest service the Italian Government could now render to industry would be to scrap its various schemes of industrial support altogether to reduce its own indebtedness.

Evidence collected by FFI shows that banks are reacting to the growing difficulties of their customers by tightening

Medium term lending at fixed rates is being replaced by shorter term facilities on a floating rate basis. French banks normally lend at floating rates for two years. Dutch banks have also gone over to floating

rates, and now regularly require personal guarantees from borrowers. FF1 concludes that the primary need on the Continent is the creation of new sources of equity-type finance. But it sees

both psychological and institutional obstacles.
It comments: "There is undoubtedly a big educational job to be done before the typical family business in Europe can be persuaded to accept the benefits of outside equity and relinquish borrowing habits which served well enough while

economies were buoyant and profits grew rapidly." In any case, the stock markets in most European countries are relatively undeveloped—equity trading on the Continent barely matches that in London, taking all countries together. As a result it is difficult for institutional investors to dispose of significant holdings and correspondingly unattractive to acquire them.

FFI plans to carry out further studies of capital markets outside Europe, for instance in the U.S. and Japan.

The capital structure of industry in Europe. Published by Finance for Industry, 91, Waterloo Road, London SE1 SXP. Tel.: 01-928 7822.

#### Pru launches travel scheme

By Eric Short

TRAVEL insurance scheme has been launched by the Prudential Assurance Company, Britain's largest insurance company, in an effort to expand the company's share of the growing personal insurance narket.

The policy, called the Travelwise Policy, has been developed by the Pru for Thomas Cook, the world's largest travel agency, to provide an up-to-date insurance contract.

It provides medical expenses cover up to £50,000, loss of baggage up to £1,500, personal accident death benefit up to £5,000 and 1eimbursement for cancellation of holidays up to

The Pru has been making strong attempts this year to expand its share of the per-

## Genetics expert seconded to Biogen

BY DAVID FISHLOCK, SCIENCE EDITOR

A SENIOR British Government scientist and authority on genetic engineering is being seconded to the venture capital company, Biogen, for two years, to set up a new U.S. research centre.

Dr Richard Flavell, 36 head of a new laboratory for gene structure and expression at the National Insti-tute for Medical Research at Mill Hill, London — a Medical Research Council laboratory — has been appointed director of research for Biogen in the U.S. Biogen announced a new laboratory in Cambridge, Massachusetts, earlier this year.

Biogen, one of the world leaders in making interferon by genetic engineering, is an international created by scientists and

venture capitalists. It has support from several cor-porate investors, among them International Nickle, Schering Plough and Grand Metropoli-

Dr Flavell, whose secondment to Biogen takes effect immediately, has also been appointed to the company's scientific board which determines corporate research strategy.

Dr James Gowans, Secretary of the Medical Research deal " with Dr Flavell, which gave him two years' leave of absence from his government ost to set up Biogen's new laboratory. Dr Flavell's present post would be filled temporarily, pending his return

Dr Gowans saw the choice

of a British scientist as a "feather in our cap." Biogen's first research centre, in Geneva, is also directed by a British scientist. Dr Gowans himself is on the scientific board of Celltech, the British counterpart to Biogen, iaunched by the National Enterprise Board a year ago.

Celltech bas an agreement with the council for the right of first refusal on all its discoveries in genetic engineering. In its first years of operation, Celltech has comleted the transfer of technonology associated with one major British discovery monoclonal antibodies, used to purify interferon, for example -from the Laboratory of Molecular Biology in Cambridge to Celltech's laboratories in Slough. ... ...

Stock Exchange issues writ

MR MARTIN FIDLER, the Stock Exchange's official assignce, has issued a writ against City accounting firm, Ernst and Whinney, over the auditing of "hammered" Hedderwick stockbrokers Stirling Grumbar.

ledderwick failed last April, , with nearly £2m owing from Forrington Stead, a Mancester firm of investment managers.

The debt had been run up as a result of gilt-edged dealings the stockbroking through

The action claims that Hedderwick broke Stock Exchange reporting requirements and seeks to recover part of the losses suffered by Hedderwick from Ernst and Whinney who, as the brokers' auditors, should have spotted the large

De Havilland of Canada manufacture the 'Transporter,' an aircraft that's at home in places where conventional ones aren't. On incredibly short runways, in punishingly high temperatures, at energy-sapping altitudes.

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finance to get the Transporter off the ground.

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De Havilland and their Transporter are just

one of an impressive list of customers and projects that we help through our branches in more than 75 countries spanning six continents.

We help most of the world's successful international companies. Somewhere there is a market where we can help you.



BY ALAN PIKE EUROPEAN STEEL consumers to rise by an average of 121 are demanding a reduction in

after full consultation.

Committee in Luxembourg at

EEC steel prices have har- mission will respond later to dened this year. They are due thee onsumers' demand

doubt

1 3

# Government report seeks curbs on public sector arbitrati

Philip Bassett examines proposals which will affect key pay talks

EXISTING unilateral access to an improvement to a "final arbitration should be re-offer." In the public sector this negotiated or withdrawn if puts at risk cash limits and exnecessary, according to the con-clusions of a confidential "The only sure way Government review of arbitration arrangements for many key bargaining groups in the public

contained in a report prepared by the Department of Employ- advance to go to arbitration if ment for the Cabinet's main economic or E committee, seem likely to form the basis of group-by-group attempts to after arrangements to help to tighten control of public spending. Although the report notes that the "experience is that

awards frequently come down in the employers' favour," it

abitration should not weaken drawn.
the employers' negotiating position, by always providing an may often frustrate the possiappeal to a third party to seek bility of a negotiated agreement

"The only sure way for employers to avoid the risk of awards they cannot afford is to refuse to go to arbitration.".

The department says: "em-

The conclusions of the review. ployers should not be party to ontained in a report prepared agreements which bind them in negotiations fail to secure a settlement" - precisely the out- Main proposals come of this year's Civil Service pay strikes for the pay deal in this round.

However, the paper argues against stautory provisions to force arbitrators to take into account employers' abilities to pay and the national interest. acknowledges ministerial concern that in making awards.

arbitrators are not taking full account of what employers can afford to pay or of the wider that they provide unilateral major implications for other access to arbitration, and that The report says: "It is im- that right should be reportant that arrangements for negotiated, or if necessary, with-

with the employer standing firm appointing arrangements. The London Council/Inner London their unflateral rights," the on a final offer."

Secretary of State for Education Authority white paper says: "Nevertheless, the Housever, it notes that in tion and Science was asked to collar staff, "to try to remove (Gas) Corporation might be nearly every case where present arbitration arrangements are deemed to be unsatisfactory, the ing a change."

direct employer, Secondly, renegotiation will take time

The department, in the paper and 27 appendices covering the major groups in the public sector, puts forward specific proposals for changes. The main proposals are:

Civil servants (530,000): groups—but subject to the overriding authority of Parliament in the national interest. • University teachers (39,000): "Ministers have decided in principle that an attempt should be made to change the present

consider the most appropriate the rights of these groups to

Government is not itself the (596,000); the employers see a further retariat, Lacsab, has asked considered." ministers to take steps to ensure Firemen (39,000 officers and arbitrators treat ability to pay staff): Fire pay is linked to rises as an overwhelming consideration. The staffs' union, Nalgo, "Indexation, which obviously is expected to submit its claim reduced the risk of embraced. early to co-ordinate pressure against the 4 per cent cash limit time. It may therefore be pay provision, and "the employers may be forced to arbi- of trying to end the right of tration by industrial action"; this group to arbitration with "they may regard an arbitrathe employers" within overall tion award as offering the best discussions on local government case for subsequent provision arbitration.

in Rate Support Grant of addi- 6 Gas manuals (41,300) and tional funds above 4 per cent." staff (58,900): The manuals have in Rate Support Grant of additional funds above 4 per cent."

No funds above this will be available, "regardless of any pay although the staff union arbitrators' award." There is Nalgo "has previously flirted little immediate prospects of with the idea." Despite this, persuading the employers of these, the 92,000 council crafts of management agreement the

timing and tactics for negotiat unilateral access to arbitration. The prospects are now probably • Council white-collar staff even less favourable. However, a further attempt might be

arbitration, may not always con-

(Gas) Corporation might be encouraged to consider seeking to change the arrangements."

• Water (70,000 manuals, staff and craftsmen; Ministers have agreed that a change should not be attempted until after plans for a statutory re-organisation of the water industry have been settled; but as a Bill is delayed an initiative might be considered in advance of legislation, once this year's wage negotiations have been concluded." British Rail (150,009 manuals

arbitration - of 75 major arbitration tribunal decisions on pay, roughly two out of three pay, roughly two out of three have favoured the BR board. The 1981 decision — over which trouble with the unions is now brewing — "amounted to a clear splitting of the difference." BR, though not bound by an award, "are under severe pressure to implement it. They might be encouraged to

and staff): Frequent access to

seek to change this feature."

London Underground London Underground (24,000): Despite the unlikelihood of arbitration, in principle it would be desirable to seek to persuade the London Transport Executive to seek a change," though "the prospects of success must be accounted

small."

Buses (76,000): "Political divisions among the employers make it possible that a moderate rational settlement will be topped up by local increases in left wing areas." Statutory provisions require bus employers to pay wages not less favourable than others in the industry and the unions have unilateral access to the Central Arbitration Tribunal on the issue. "This is unsatisfactory. It is inconsistent with the repeal of Schedule 11 of the Employment Protection Act 1975 in the Employment Act 1980. The provisions should be

British Steet (110,000):

"Although artitration has been little used in the past, BSC might be invited to seek

paper commends the PO's giving notice to amend its arrangements so that joint referrals to arbitration remain. binding but referrals by one side only to be treated as

" advisory." ● British Telecom (174,000): The management know about the changes in train in the new Post Office; they might be encouraged to follow this example when negotiating their

Arbitration which "seem satisfactory" include the 1m NHS workers, where "arbitration awards are very rare, are financed from cash limits, and are subject to ministerial approval": 440,000 teachers in England and Wales, and from January in Scotland, where unilateral access has been abolished; British Airways (52,000), no unilateral access coal (198,000)—not unilateral and "affordability is fully considered"; electricity (172,000)no unilateral access to "little used" arbitration; and British

Shipbuilders (68,000)

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# Labour law plan attacked

BY OUR LABOUR STAFF

THE GOVERNMENT'S new their members' interests proposals for labour legislation. It says: "Unions might have provide eight new grounds on to choose between the possi-which trade unionists can be bility of being bankrupted of which trade unionists can be imprisoned for carrying out not taking action at all."
what have always been seen as their traditional functions, according to a study published today by the Labour Research

In what the department be banning industrial action and lieves are the first published or unions being liable to pay comments on proposals outlined high sums of damages to indivilest mouth by Mr Norman duals and organisations with Tebbit, Employment Secretary, grudges against Labour move-on trade union immunities and ment." the closed stop, the study says "New Tory Attack on Union the proposals "could make it mpossible for unions to defend Road London SE1 Price 500)

relations issues, court orders banning industrial action and

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First Nat. Fin. Corp. 17 %
First Nat. Secs. Ltd. 17 %
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Robert Fraser ... Grindlays Bank

7-day deposits 12.50%, 1-month 12.76%. Short term £8,000/12 months 15.10%.

Edward Manson & Co. Midland Bank ......

Roxburghe Guarantee .

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National Westminster 14 % Norwich General Trust 14 % P. S. Refson & Co. ... 141 %

TCB Lid. 1418
United Bank of Kuwait 1418
Whitesway Laidlaw ... 15 9
Williams & Glyn's ... 1419

■ Samuel Montagu

■ Morgan Grenfell

7-day deposits on sums of £10 and under 122%, up to £5 13% and over £50,000 13%%. Call deposits E1,000 end

3 Demand deposits 172%. 3 21-day deposits mar. £1,000 134.% . 1141% 9 Mortgage Head thesa

BY PHILIP BASSETT, LABOUR STAFF

GOVERNMENT taxation work where a protest raily has been is likely to be disrupted this organised at which "massive" week by a half-day strike by support is expected.
the tax staffs union as part of The unions are insisting that a major demonstration by all any demonstrations must be civil service unions timed to orderly and must not lead to any coincide with a court case over breach of the peace. Internal the application of a century-old union documents state: "The

brought on Thursday under sonally. Section 7(2) of the Conspiracy and Protection of Property Act full support to the demonstra-1875 against Mr. Ted Elsey, an tions, and after consultation assistant secretary of the Inland with civil service union leaders Revenue Staff Federation, at Edinburgh Sheriff's Court, for trades councils leadets stating "wrongfully and without legal authority" persistently following senior revenue officials who implications for the whole trade wave freeing mail blacked dur. were freeing mail blacked dur-ing the 21-week Civil Service Most unions are Though the Act itself was used against the Shrewsbury building pickets in 1974 the section under which Mar Floor

voked since the turn of the Demonstrations will

n attacke

MA

43 8 16 B

law against a full-time union matter is sub judice, and to flout the courts could be immensely Charges are due to be damaging to Ted Elsey per

Most unions are staging mem-

bers' meetings, but the federa-tion itself is trying to mount a "100 per cent strike for the rest building pickets in 1974 the section under which Mr Elsey has this will do."

been charged has not been in
While the federation's execu-

tive defeated by 18—18 a call for a one-day strike over the issue, a union note states: "We have done mounted at lunchtime union all we can short of issuing an meetings all over the country official strike instruction" in in support of Mr Elsey, but order to get maximum particularly in Edinburgh, response.

#### Liverpool typists likely to return to work tomorrow

BY OUR LABOUR STAFF

THE SIX-MONTH strike by 350 told that an independent chair-Liverpool Corporation typists, man has now been found for secretaries and machine operators is expected to be called off their upgrading pay claim. today with a return to work either tomorrow or Wednesday.

the committee of inquiry into The committee wil start work in the New Year and the

workers will be recommended The clerical workers have by officials of Nalgo's town hall been called to what could be branch to vote for an immetheir final mass meeting to be diate return.

# Unions vote as haulage talks reach crucial stage

BY BRIAN GROOM, LABOUR STAFF

hard-hit private road baulage to achieve a second year of low single-figure pay settlements are reaching a crucial stage as union negotiators respond to offers of 5 per cent and balow.

No settlements have been reached in the 21 separate regional negotiations - 14 of them in Road Haulage Association local areas—as Transport tion's second largest area, with and General Workers' Union 1,600 member companies—are officials keep an anxious eye on neighbouring talks.
Last year's seitlements of

3.5 per cent to 6.7 per cent land are being recommunderlined how far the recession had undermined transport ballot. This will be c union bargaining power, after high settlements for drivers in

EFFORTS by employers in the the "hire and reward" sector suggest their recommendation in the previous three years. will be followed. Haulage Association

Road Haulage Association "We will be seeking another membership has fallen by about meeting with the employers, 2,000 companies to 13,500 in the and if they fail to raise the past two years and hauliers are offer we could be heading for a in no mood to pay big increases confrontation," said Mr Peter this year as companies continue Talbot, a Glasgow transport to go out of business. union official. Shop stewards representing

Employees of 500 hauliers in 12,000-15,000 drivers in London the Leeds and Bradford and the South-East-the associa-Hauliers Federation are holding mass meetings to vote on an offer of about 5 per cent. voting on an offer of 4.9 per The association's biggest area cent on basic rates. Some 5,000 drivers in Scot-

member companies—offered 3 per cent to Manchester's United reject a 3.6 per cent offer in a Road Transport Union on Thursballot. This will be completed by today. Transport union officials say early returns offer to the transport union

# Scargill says SDP will relieve Labour of unwanted elements

BY MARK MEREDITH

MR ARTHUR SCARGILL, the newly-elected president of the miners' union said in a speech yesterday that the Social Democratic Party was probably good for the Labour Party as did not belong there.

Mr Scargill was making his first public speech following his election to succeed Mr Joe centenary celebration in honour of the birth of the first Communist MP to serve in the British Parliament, Mr William Gallaher. The festival at Loebgeily, a small mining town in Fife was organised by the Scottish area of the National Union of

only briefly to the present miners' wage dispute. The union, he said, was pressing for a decent increase in wage levels which had been eroded over the past three or four years. But he tied the union struggle in with other union failures and the failure of trade union leaders or Labour Party leaders to back the rank

"I hope that one lesson has been learnt by British labour and trade union movement is that when we elect a Labour Government we don't elect them to carry out capitalism better than the Tories." He referred to the Labour of Mr Peter Tatchell as the prospective candidate in Bermondsey. Mr Scargill said

t was regrettable that people in senior positions in our party are seeking to aftract candidates who have been selected by their constituencies for one crime only, that they subscribe to socialism and the advance of the working class."

"The Social Democratic Party as a whole is probably one of the best options that we have seen in British politics. It will in my view siphon off elements from our party who have no place in the Labour Party.

There are still large numbers in the Labour Party who we should retain capitalism. If that's what they believe, the quicker they join the Social Democratic form each individual person or group mass subject to variation. There are no efficient mean It is apparent that any further effect of a relationship is determined by the demand for books

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# A new Montedison: the way ahead for a change of course.

# Chairman Schimberni's address to Shareholders and Investors



Dear Shareholders,

Montedison as a company and group is going through a profound change of direction towards better times. It has changed, is still changing, and after fifteen years of difficulties will soon be an industrial group that is worth

investing in.

The image, structure, size and attitude of Montedison

The image, structure, size and attitude of Montedison are all gradually, slowly but surely changing, yet positive results are already coming through. And the company's prospects are looking up as well.

Perhaps not all of you are aware of the revolution that is taking place, because the way action is being taken is not heralded by spectacular announcements. It is a step-by-step revolution, with innovations and improvements being brought in daily. Most of these occur behind the scenes, as it is our practice not to disclose developments until they are a fait practice not to disclose developments until they are a falt accompil. They may thus escape the outside observer, or be unknown or unclear for some time. Yet they go on constantly,

and very important they are too.

Many significant events have occurred in Montedison over the past eighteen months. Others are in the pipeline, with one thing firmly in mind, the determination to press forward along the path we have traced.

Montedison refuses to be the symbol of all that is amiss with the Italian economy. Time will tell that the

company is vigorously geared to entrepreneurship, that is, the pursuit of economies and profits and the creation of wealth to the benefit of its shareholders and workforce alike.

In April 1980 we announced that the holding company would be set up. It is already in existence. This plan was put into effect at the end of 1980. It has provided the main impetus for change, it has encouraged a businesslike approach at all levels: it has geared planning and action to the realities of the market-place by enhancing

aggressiveness and competitive capacity.

Many of our senior managers have drawn inspiration from the new organization for a fresh creative approach where profit goals form a stimulating target. Not all have changed their attitude, so some management changes have

We laid plans for a new Montedison in the private sector. That is where it now is.

A purely entrepreneurial leadership has been established among Montedison's shareholders, which is capable of running the company economically and profitably.

We promised a new style of management. We now have it.
The renewal of senior management, with the accent on professional skills, is bringing about new attitudes and a new page of work in the company.

Qualified beoble with international experience have been brought in from outside, and are producing good

A new management style is taking the upper hand, less conditioned by the external environment, with more emphasis on managerial skills and readiness to innovate.

We wanted to intervene in the labour organisation. That is what we have done.

There is a plan in hand to improve productivity.

A precise stance has been taken to the problem of overmanning, with a clearcut policy almed at corporate growth in the longer run resulting in the ultimate creation of

new worthwhile non-subsidised jobs.

There is a profound respect for the workforce and the role of the unions, but there is also the will not to bow to consensus policies at any cost.

We saw it would be necessary to build up our foreign marketing organisation. It has been built up.

The existing organisation has been strengthened and new trading companies (Montedison Overseas, Montedison Intertrade and CEDAR Trading) have been set up in

partnership with leading international trading concerns such as Philipp Brothers and Interedec. Package agreements have been concluded abroad involving trade and technical cooperation, which include activities in fertilizers, pesticides and high-technology

We had in mind a new industrial philosophy for Montedison.

This is now working.

We have devoted efforts to maximize the rationalization of the Italian chemical industry. As part of these plans, talks have been held with ENI to focus on a

range of goals in an international setting.

We have sought to withdraw from some bulk chemical operations yielding little or no return, and to concentrate our efforts in secondary and fine chemicals with a higher value-We are gradually setting up a real "Montedison system" based on closer links with the realities around us.

This involves building more direct links with other industries, and with our suppliers, customers, service companies, workforce and shareholders. We intend to develop a kind of association based on common interests. The company will make available its knowhow, services and presence on world markets to develop entrepreneurship, and create an overall economic and industrial framework around its own plants. This will represent a contribution to the community as a whole and a reference point for the growth of further entrepreneurial spirit in the chemical industry, in which Montedison will link its own prestige with support given to other companies in terms of technology, processes, knowhow, and technical and marketing assistance.

#### OUR CREED

We believe in the still vital role of the chemical Industry in the world economy.

We believe in the growing and crucial importance of

the entrepreneurial spirit. We believe we have to look beyond the domestic limitations of the Italian market and gain an international

We believe the contribution of private investors and the confidence of new shareholders is of decisive importance.

We believe in the contribution that can be made by able, professional and highly motivated senior management

#### THE NEW MONTEDISON

The new Montedison is also a new departure on the Italian economic scene, despite the difficulties that this presents. The new Montedison is what we wish to make it, backed by our efficiency and determination. No-one can cover up our mistakes: we can and must rely only on ourselves.

1981: a difficult but salutary year

The current year is proving to be one of the hardest in the history of our company and the European chemical industry in general, as adverse trading conditions continue to worsen, particularly in some of our main areas of operation. The will to react to this situation and readiness to seek alternative solutions have formed the basis for the change of course and injection of entrepreneurial spirit. At the same

time, the steps that have been taken and the recognition of the resources we have available have made it clear to us how many human, technological, research and asset resources there are in the company, how strong these are and how much they represent a safeguard for the future. Here are some highlights of our main operations:

Chemicals: Montedipe and Montepolimen are feeling the effects of the crisis in the automotive, building and other industries, as well as the revaluation of the dollar. Their results reflect the difficult trading conditions. However, special action is being taken to retrieve their position along with stable solutions to current problems. Fertiment has achieved a definite improvement in its margins, especially on export markets, where trading conditions are very favoural Farmoplant has increased its exports and is now looking for growth based on launching new products, such as those developed from pheromones. Resem, Austmont, Ausidet. Ausind, Montefluos and Vinavii, which all produce special chemicals and additives, though less affected by trading difficulties, are nonetheless in the process of rationalizing their operations and introducing new high-yield products.

Acna's situation has improved since last year, it has recently received a cash injection and is committed to successful completion of its two-year restructuring plan.

Pharmaceuticals: Farmitalia Carlo Erba's profits amounted to 5% of sales in 1980 and the company is expecting to improve on this achievement in the current year. It has consolidated its international position, scoring considerable successes with quality drugs, such as the anti-tumor agent Adriamycin, which has a market share of more than 30% in the whole of North America. Its advanced R. & D. facilities ensure continuing renewal and development of original drugs.

Fibers: Montelibre's capital reconstruction was carried out early is 1980 cour equity interest in now 62.2%), and work on its manufacturing and financial reorganisation plan is ahead

Retailing: Standa has completed most of its reorganisation and productivity plan. Its range of merchandise has been updated and its internal cash generation was improved.

Process Plant Engineering: the Techimont Division, which has Process Flair Engineering, the Technicity Country of the long specialist experience in this field borne out by the number of plants it has installed in a variety of countries, continues to make satisfactory progress.

Electricity, Natural Gas and Oil: Selm operates 22 power stations 20 of which are hydroelectric. The nature of its operations provides attractive profits, which are likely to increase as time goes on. Proven hydrocarbon reserves currently run to some 10 billion cubic metres of natural gas, and recent additional finds in the Treviso and Foggla areas are improving prospects. On the oil side, the find in the Mila offshore field has been confirmed, (now that exploration has been completed, this field will be put into commercial production shortly) along with that at the offshore Vega field, in a block where Montedison is associated with other companies. Reserves so far assessed are likely to provide a satisfactory return on the investment. Hydrocarbon exploration projects have also been set in hand in the United

#### THE CHALLENGE THAT LIES AHEAD

The chemical industry continues to be a strategic sector in world terms. In the medium run, the outlook is that: a) oil-producing countries will start manufacturing bulk commodity chemicals with a low value-added element; b) the Industrial countries will have to abandon production of some commodities and specialise to a greater extent in fine chemicals, i.e., high-technology products based on advanced research, backed by careful selection of markets and accompanied by customer service.

This is the area in which Montedison's immediate fully the lives: it must become compatitive at an international

future lives: it must become competitive at an international level and alter the balance of its respective presence in these two sectors; thereby reducing the vulnerability implicit in the cyclical nature of bulk chemicals.

#### GOALS FOR THE NEXT TWO YEARS

The goal is to alter the Group's product mix to expand high-value output and innovation in line with rapidly changing market requirements.

The strategy needed to achieve this objective is clear

a) the Group at present operates in too many areas; these will be reduced to fields in which we can actually gain a significant share of the world market; b) we shall increase the amount of finance available for

investment in growth areas. To this end activities will be concentrated in profitable operations, while those outside the mainstream strategy will be sold: at the same time the Parent Company and its subsidiaries will increase their share capital by rights issues.

#### WHAT IS BEING DONE NOW

Time is short. Rapid, effective action must be taken in a variety of areas. This is the immediate programme:

Research and Development
This is being concentrated in the most advanced speciality and fine chemicals, and in general in product quality.

Capital Expenditure investment will be concentrated in priority chemical operations. Acquisitions

Higher-value-added operations will be strengthened both by raising output of existing Group products, by developing new chemicals and also by acquiring existing manufacturing operations and technologies of international value or interests in such operations (a number of negotiations are now in progress, some of which are close to conclusion both

Disposals
Operations falling outside the new strategy and those which are too dependent on the availability and cost of raw materials will gradually be disposed of, in whole or in part.

Strenghthening our financial position In 1982-1983 this will call for between 600 and 1,300 billion lire to be realized from asset disposals, along with reveneus of some 800 billion lire in positive cash flow.

The 640 billion lire raised by the rights issue will be complementary to the funds to be raised as above. This rights issue will help to make Montedison one of the largest Italian companies in terms of net worth. Other schemes to raise additional funds will be set in hand at a later stage, in order to consolidate growth in the business.
In terms of figures, implementation of the programme presented here, which will also depend on external

conditions, should result in:
a) speciality chemicals accounting in the first instance for some 30% of total output as compared with the current

 b) the gross operating margin being raised to 12.8% and the net trading margin to 4.3% of sales; c) manufacturing output at present located outside Italy rising twofold;

d) interest charges being reduced to some 3.5% of sales, a similar level to that of our world competitors, thus achieving a balanced financial position. To conclude, I have indicated a series of practical factors which, despite a year as difficult as 1981, lead us to look to the immediate future with confidence, what with our

management and staff determined to succeed, the ventures that have already been initiated, the opportunities that can be created by rational innovation, and the resources inherent in your Company's assets. I hope I have given shareholders a basis on which they will be able to form a sound assessment; above all I trust I have given them the sense of a new and active relationship with the Company.

> MARIO SCHIMBERNI Chairman of the Board MONTEDISON S.p.A.

Milano - November 25th, 1981

Design

and Manage

is part of...

total capability

Saving

gold for

electrical

THE GOLDSAVER

components

machine designed and manufac

tured by Kirkby Process and

Equipment of Liverpool, can the company claims, echieve

substantial savings in gold plat-

ing of pins and sockets used in connectors for the electronic,

telecommunications and aircraft

Norwest Holst

# How to simulate an oil drilling rig

BY GEOFFREY CHARLISH

REDIFFUSION'S LATEST excursion into big system simulation has taken it into a world of mouseholes, kellys, doghouses and ratholes: the world of the oil drilling rig.

The company is to supply Amoco with a new kind of simulator that should cut the oil company's rig crew train-ing costs significantly.

For the record, the mousehele is where drilling pipe lengths are stored (essenti-ally a hole in the rig deck floor), the kelly is the driving member that fits into the rotary table to drive the drill, the doghouse is the driller's office and the ratole is where the kelly is

kept when not in use. As hig engineering systems become more and more costly to run, so the financial penalties of training opera-tors on the "live" system are felt more acutely.

#### Expensive

The problem has been with airlines and airforces for years—at £2,500 an hour to run a jumbo jet, pilot training can become expensive. It can nowadays be done in a simulator at \$250 an hour. Navies and shipping lines are coming to similar conclusions, as are railways and power

electronics has been commis-

tract to update the design of

director of Marconi Avionics,

says the company's policy of

investing in advanced manufac-

turing technology "has paid off

handsomely in the creation of

hope of securing those jobs for

Mr Pateman expects the

U.S. aircraft computers.

nology for the design of aircraft the coming year.

sioned at the Rochester, Kent, at Rochester has been supplied factory of Marconi Avionics. by the British offshoot of the The first task of the new U.S. company Applicon, speci-

computer - aided engineering alists in computer-aided design

centre is a \$5m Pentagon con- and engineering. It consists of

S. aircraft computers. by two computers, giving the company what is believed to be

thousands of new jobs in the investment, says that he does Medway alone, and is our best not believe the company's main

They have all successfully ed simulators built by Rediffusion Simulation of Crawley, a company that has put the UK into a leading position in high quality dis-play systems for flight simu-

Recently the oil industry started to take an interest and production platform simu-lators have been built for

Conoco and Phillips. The latest advance, simulation of the drilling rig, has resulted from close co-operation with Amoco's technical

To date, rig crews have mostly been trained on site
with an inevitable slowing down of drilling rates. Prob-lems of safety of both equip-ment and men have also

Often, trainees (and even experienced men) do not encounter major problems with sufficient frequency so that, when they do occur, familiarity with the right procedures might be less than

In only 10 months, ADDS has been developed—it stands for Advanced Digital Drilling Simulator—at a cost of about £350.000, of which 20 per cent has been contributed by the Department of Energy.

The first ADDS will be installed in Amoco's training

The new technology installed

eight design terminals backed

one of the most powerful elec-

tronic design facilities anywhere

Mr John Spinks, divisional

manager responsible for the

rivals in avionics in the U.S. are

centre at Tulsa, Oklahoma, in January, at a cost of about £150,000. Interest from other companies has prempted Re-diffusion to start production of three more machines at

In essence, ADDS holds in its memories mathematical models of what happens both on the rig deck itself and in the borehole. It "knows" all the interactions that occur between drill bit speed, the weight on the bit (the load of the suspended drill pipes or drill string), the flow of "mud" through the well bore (it cools and lubricates the bit)—and a large number of other items.

#### Control

The PDP 11/23 computer in ADDS responds to the control actions of the rig crew, affecting such things as the speed of the rotary table drive motor that turns the drill string, mud pump speed, pipe string load on the bit, and operation of the drawworks controls (the overhead travelling block and tackle system that allows lengths of drilling pipe to be extracted from the mousehole and

All the controls, meters and starms are exactly the same

basic types of U.S. aircraft,

Computers (SCADC), with which the U.S. Air Force and

Navy wants to re-equip 27

variants of aircraft they operate.



THIS is ADDS, Rediffusion's new oil drilling rig simulator. All the controls are exactly the same as on the real rig and the trainee watches operations on the screen. Diagram, right, shows how the various elements are connected to the simulation computer.

as those found on the real ing and background noises. rig. Absent of course, is the physical effort of moving pipe about from mousehole to string. Instead, a few buttons are pressed and colour graphics on a large CRT display show rig structure, kelly pipe, rathole, stand (where connected lengths of pipe are temporarily place when raising the string) and the travelling block. Even the rotary table can be seen going

Further realism is pro-vided by the synchronised sounds of machinery operat-

Marconi's faith in computer aided engineering pays off

because they wanted to get

deeper into the design of silicon

All operations are conducted therefore, by watching the screen instead of the real thing. For example, the driller can realistically operate the travelling block to pick up lengths from the stand, move them to the rotary table, connect them and start drilling. Meanwhile, all the instruments give the read-ings that would be obtained on the real rig.

Other simulations provided

are of all the relevant pipe-work, manifolds and chokes

controls. In addition, mud tank simulation allows mud mixtures to be adjusted to The instructor has his own

keyboard and screen for setting up and modifying training exercises, for monitoring the trainee's progress and, of course, for introducing emergency situations. At any time during the progress of drilling the instructor can take a "snap-shot" of the situation, perhaps when a mistake has been made. Later, the driller can

can monitor any part of the simulation while drilling progresses. He can anticipate problems developing as a result of the trainee's actions and can inject malfunctions to train the driller in the correct responses. A printer produces a log of the whole session for final de-briefing.

Already Rediffusion is developing a more advanced version of the machine that allows angled bore hole drilling to be simulated. More

Derek Robert, GEC's director

of research, sees computer-aided engineering as the key to companies like Marconi keeping control of the design

of complex systems, which semiconductor companies are

constantly threatening wrest from them as

develops.

Production trials have shown state for re-training. On the VDU the instructor pins at 20,000 per hour with up to 2.5 microns of gold. Gold savings can be as much as 75 per cent. The Goldsaver plater is shie to load parts automatically, ensures positioning to a precise depth, and 100 per cent electrical continuity is guaranteed.

industries.

Basically, the machine con sists of a rotary stainless sied cathode wheel notched at fixed spacings to which the loose parts are clamped by a belt. Full technical details from Kirkby (5051-546 7929).

#### Linking viewdata to IBM fine. He can strip away layers of colour to clarify a detail that worries him. mainframes

A LOW cost controller which will enable viewdata terminals to link directly to IBM's large computers is now available from Brown's Operating Systems Services.

The company claims that for the cost of £4,375, IRM main-frame users can link viewdata into their existing network without any alteration of their

The company says that major IBM users have been slow to take edvantage of viewdata because of the difficulties in altering their systems to accommodate it. ...

added to the string).

BY DAVID FISHLOCK, SCIENCE EDITOR £750,000 investment in Rochester factory to maintain why the company secured its aided engineering. One of the Tapes produced at Rochester estimates that avionics can zoom in on any detail, however ranced engineering tech its present payroll of 6,000 for latest U.S. contract, for a major primary reasons why they are already being sent to account for up to one-third of fine. He can strip away layers redesign of computers for 10 bought Applicon technology is

> totalling 6,000 aircraft in service with U.S. forces. chips with specialised functions. GEC has been investing in Marconi's 18-month task is to Applicon since the early-1970s. arrive at a modular design in which the basic elements re-"This equipment enables us to main unchanged throughout interface properly with all other four different computer systems. equipment in GEC," Mr Patefour different computer systems. These will form a new range of man says.
>
> Standard Central Air Data Specifica

Specifically, the new facility at Rochester is a central one serving all 12 divisions of Marconi Avionics. Its role includes the design and manu-According to the Marconi facture of very large-scale engineers the SCADC contract integrated circuits (VLSI), in up to its investment levels in could not have been won with conjunction with Marconi Electhe new technology. This was out the investment in computer tronic Devices at Lincoln.

Lincoln to drive the computercontrolled manufacturing lines for CMOS and CMOS-on-sapphire circuits. The latter went into production at Lincoln only this autumn.

Mr John Spinks, who heads the Marconi's autopilot division, believes that the influence of computer aids in avionics is as profound as that of the internal combustion engine in engineering at the turn of the century." He expects his new equipment to save 25 per cent of development cost and to halve his development time.

To put these figures into perspective,

the value of a modern aircraft, and as much as 60 per cent of the total design hours required. So fast is the pace of development, however, for a very large scale integrated circuit, "by the time you've designed it manually the need will have

latest investmentincluding eight terminals at £55,000 a piece—is a major step forward in man-machine relations in the design office, Spinks claims.

gone away."

No longer need the designer his data, in colour, by pen today, and 250,000 per chip in strokes on a tablet. He can research laboratories.

He points to the fact that, in only 20 years, VLSI has deve-loped from individual systems. transistors and diodes to punch keyboards and read off 100,000 component equivalents rows of numbers. He calls up on a single chip in production

visi



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\$9,000	\$90.00	9%	182	590.00	\$16,431.76	

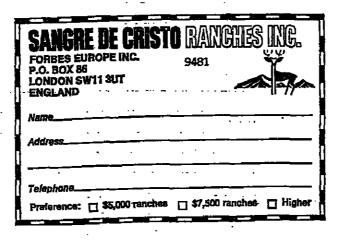
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FINANCIAL TIMES

Night

LONDON

Remember," starring Kenneth More. 11.30 The Further Adventures of Oliver Twist.

12.00 Cockleshell Bay. 12.10 pm

Rainbow. 12.30 Doctor! 1.00 News, plus F.T. Index. 1.20 Thames News with Robin Houston. 1.30 Farmhouse

Kitchen. 200 Money-Go-Round.

2.30 Monday Matinee: Frederic

March in "Christopher Columbus." 4.15 Dangermouse.

4.30 Big Dipper, 5.15 Diff rent

6.00 Thames News

7.30 Coronation Street

9.00 " A Star is Born," starring

10.30 "A Star is Born'

12.05 am Three's Company. 12.30 am Close: Sit up and

Barbra Streisand and Kris Kristofferson.

with

8.00 World in Action.

†9.30 am

Strokes.

5.45 News

6.25 Helo!

6.35 Crosstoads.

10.00 News at Ten.

Listen Rayner.

(continued).

7.00 Bullseye.

# An issue of public interest

remit,

of those vacuous phrases that paper merger reference, the can mean all things to all guidelines are inapplicable; in lines in newspaper merger reference those cases, the Commission ences tends to suggest that the from it — there is a pronounced feeling that the "THE PUBLIC interest" is one interest. In the case of a newspeople. It is frequently deployed by politicians to cover a
must take into account all matmultitude of political sins and

guinemics are mappingame, in
those cases, the Commission
ences tends to suggest that the from it — there is a
commercial guidelines for all pronounced feeling that the
multitude of political sins and
ters which appear to be relevant
other references are self-limit majority strayed from the omissions, and not infrequently and in particular "the need for written into statutes by legisla- accurate presentation of news tors in a wide range of Acts of and free expression of opinion." Parliament, from obscene publi- Thus, non-commercial and funcations to restrictive practices. damental freedoms are brought On occasions it is left to judges specifically into the scales of to make what they will of the public interest. By contrast, the its task is not readily challengeterm in the context of some particular litigation.

The By

Design

Spariot,

Its latest emergence as a flavour. source of acute controversy is the Act provides that the Minister referring the matter the report of the Monopolies Commission shall take into and then deciding whether to and Mergers Commission on account all matters which appear the proposed takeover of the House of Fraser by Lonrho-a report endorsed by Mr Gordon Borrie, the Director of Fair Trading, and accepted by Mrs Sally Oppenheim, Minister for Consumer Affairs. The controversy is heightened by a powerful note of dissent from one of the Commissioners.

In a terse riposte to his fellow Commissioners, the dissenter states that Lonrho is a successful commercial enterprise, accessioned to running promotion of effective competi- As Mr Gordon Borrie noted in conglomerate activities, with a high degree of autonomy left to and services; the promotion of ing subsidiaries and without any significant conflicting retail interests, whose bid for the shares in the House of Fraser has already produced advantages to that company and its shareholders—QED.

The majority does not come to any different commercial assessment but concludes that the bid should be stopped because the present manage-ment of the House of Fraser has shown a distinct hostility to the projected merger (and, in particular, to the personnel that wil come with it); that the two companies are different in character and that there is a real risk that in the long term the House of Fraser may suffer commercially, although share-holders in any takeover would

be considerably enriched. Public interest lies at the heart of all determinations by the Commission. The Fair Trad- enterprises in the same industry ing Act 1973 does not define the concept, but does at least set out guidelines for the Commission in considering whether any matters are, or may be expected. to operate against the public phrase "public interest."

SOCCER

BY TREYOR BAILEY

guidelines for other references

have a distinctly commercial

to them in the particular cir- report. Thus every report is cumstances to be relevant and. among other things, have regard political arena, with all the unto the desirability—there then fortunate implications of that follows a list of five factors. to the particular industry or They are: the maintenance and trade that is imediately affected.

invoked aspects of business life that strictly are outside its

The trouble is that the approach of the Commission to able. The Commission is dependent for its work on the Govern-Minister referring the matter take action to implement the automatically thrust into the

#### THE WEEK IN THE COURTS

BY JUSTINIAN

tion between suppliers of goods the interests of consumers and purchasers in respect of prices variety of goods and services supplied; encouraging the reduction of costs, the development of new products and the facilitation of new competitors in the field; the promotion of a balanced distribution of industry and employment; and (with an eye to the free movement of goods and services) the promotion of competitive

activity abroad. The emphasis on competition and on the effects of monopolistic activities indicates the legislature's concern for the commercial aspects of mergers. and has directly little or nothing to do with the commercial viability of the merged entities. Whether the merged business prospers or not in the maintained competition with other or trade would appear to be irrelevant to the Commission's inquiry unless, of course, Parliament did not intend to ex-

that distinguished book he coauthored The Consumer, Society and the Law, the Commis-sion "comes off badly in any comparison with the Restrictive Practices Court."

Decisions of that court, which presided over by a High Court judge (with laymen as part of it) are immediately effective and do not require ministerial approval or disapproval, Sir Godfrey LeQuesne, QC, chairman of the Monopolies and Mergers Commission, is a distinguished lawyer and there is not a breath of criticism of his handling of the various references. Nevertheless he operates in private conclave, not in open court. And consequently there is no direct challenge to

his interpretation of the law. Decisions of a court of law are accorded, whether justifiably or not, a respect among the public that is instinctively withheld from administrative bodies such as commissions and committees. However much those bodies are entitled to respect, they have to earn it by clude such matters from the their pronouncements. report on the takeover of the is not to his liking.

Therein lies the crux of the House of Fraser has not problem. The absence of guide-received anything approaching

majority strayed from the ing. If so, the Commission has path of commercial considerations and impermissibly interpreted the public interest too widely. The enviable eminence of a court of law is absent. And where there has been doubt about the correctness of any legal ruling by the Restrictive Practices Court, there is ment in the first place by a always an appeal to the Court of Appeal and even to the House of Lords.

> Are the reports of the Com mission then beyond review by the courts? Certainly, the Commission could be attacked for failure to observe the requirements of natural justice, a port-manteau expression which includes the more precise infringments of important proce-dural rules. But no one suggests that the Commission has proceeded to conduct its inquiry other than with due regard to all such requirements. then in any other way trans-gressed the law. If the Commission has wrongly interpre-ted the meaning properly to be given to the "public interest," there is conceivably a way open to Mr Rowland to avoid the

consequences of the report.

If Lonrho declines to desist from acquiring further shares in the House of Fraser, the Minister has the power to make an order for approval by Parli-ament. But that action might be said to be in excess of the statutory power, since it would be used for an illegitimate purpose, to the extent that the Minister was likewise adopting the wrong approach to what was meant by the "public interest." Access to the courts would thus be available to determine whether the Commission and the Minister had applied their respective powers correctly. If the Greater London Council is open to chal-lenge on its use of statutory power in relation to the structure of transport finance within the capital, then so perhaps is the Minister and the Monopolies Commission. Mr Rowland is not known for being easily fobbed off with a decision that

# **QPR** synthetic pitch a winner

IN VERY bad weather the main concern of those who cover football for Press, radio or television—assuming they are able reach it, or suddenly accelerates Graham, former Arsenal and to reach their destination—is after histing a patch of ice— Crysal Palace player now in to reach their destination - is after hitting a patch of ice whether the game will take can prove the decisive factor.

whatever the conditions, apart less FA Cup draw on an ice from fog, it should always be rink that the game was a farce. possible to play football at This was not the case at Loftus Road. As a result of Loftus Road. The ball bounced their Omniture pitch, QPR on higher and came off quicker Saturday were the only team in the South able to provide their

followers with a league match. The most satisfactory feature of this game against a promising Barnsley was that it took place on a surface which encouraged football and skill. This would certainly not have been the case on a grass pitch which was frozen hard, covered with ice, blanketed with snow, or was a

In these circumstances luck— slippery when turning sharply in without five of their best like the ball that sticks in the rubber-soled shoes. players, not available through mud before the keeper can

The managers of Altrincham At least they know now that and York said after their goal-

This was not the case at his balance. than it would have done on

predictable. The decider was a Flanagan header which deceived the Barnsley keeper because it proved faster and bounced higher than he expected. But it was still entirely predictable. An hour before kick-off I inspected the pitch and found, not surprisingly in the arctic

However, I watched George

charge of the Rangers' youth team, chip a succession of high balls to a young defender who was properly studded, jumped high and had no problems with

In the match some players did slip, though not nearly as frequently or as painfully as they permit multi-purpose usage, grass surface.

It could well be that neither side had worked out the ideal football boot for a synthetic pitch after an abnormal amount of snow in freezing conditions. The moulded-sole boot with multi-pimple studs would seem the most logical answer. QPR's 1-0 victory was not conditions, that it was a little only well deserved, but obtained

injury or suspension, while with better finishing they would have had at least two more goals. This type of form suggests that Rangers are first-division bound - good news, as they are an attractive side to watch, their stadium is completely covered and they have their synthetic

The pitch was installed to rather than to make the odd game in bad weather possible. It should enable them to pay their way despite comparatively small gates.

In addition, they surely possess the best cover in the second division, which is so vital, and is underlined by the fact that their reserves are at the top of the Football Combin-

#### **TENNIS**

BY JOHN BARRETT

Gradital 1.0

> \$250,000 WEEKS (£130,000) Toyota Series Championships at the Byrne Meadowlands Arena, New Jersey. where the best eight women players in the world will be competing for the \$75,000 first prize promises to settle the 1931 world rankings.

It remains to be seen whether the women can create the same sort of following which the men now command at Madison Square Gardens in Manhattan for the Volvo Masters, held annually in January.

But not since open tennis arrived in 1968 has there been such a close contest. Since Chris Evert Lloyd won the Family Circle Cup in April, the first of the 31 points—linked Toyota Series tournaments, Hana Mandlikova, Tracy Austin and Martina Navratilova have vied for the leadership.

Miss Mandlikova made the early running by winning the French Championships and reaching the Wimbledon final, but the 19-year-old Czech has on-court earnings.
won only once since, at On a personal level won only once since, at

In war, in peace you need his help

# Toyota to settle No. 1 woman

stage cast a cloud over the rest of Mrs Evert Lloyd's year, which ended a week ago in defeat at the hands of Miss Navratilova, in the Australian

final.
This 6—7, 6—4, 7—5 success was significant in several ways. Not only did it win the \$125,000 first prize for Miss Navratilova in the Toyota Series bonus pool (Mrs Evert Lloyd's reward was \$80,000) and decide the No. 1 seeding for this week's championships, but it also broke Miss Navratilova's 12-month-old prize money record.

prize money record. This year she has won almost \$750,000, about \$25,000 more than in 1980, and since turning professional in 1973, she has amassed more than \$3m from amassed more than \$3m from

When Mrs Evert Lloyd won solved the problem of contain-

After a late start because of a sciatic nerve problem, Miss Austin can look back on a highly-successful year with a second U.S. title and five other tournament wins which included victories over Mrs Evert Lloyd and Miss Navratilova.

Miss Austin but moves better than either and has more shots, threatened the leaders all the year but could win only the U.S. clay court title.

Pam Shriver, with a second important win against Miss Austin in Australia, finished the year strongly. The eight contestants this

week in points order are 1, Martina Navratilova; 2, Chris Martina Navratiova; 2, Chris Evert Lloyd; 3, Tracy Austin; 4, Andrea Jaeger; 5, Pam Shriver; 6, Hana Mandlikova; 7, Mimi Jausovec (Yugoslavia); 8, Virginia Ruzici (Romania). It is a sign of the times that the fort form and all American the first five are all Americans and the last three all East Europeans. This is the first major tennis event at the Meadowland Arena, an 11-storey building that cost \$85m and stands along-side the Giants Stadium, home of the New York Cosmos soccer team. The complex designed by Henry Mahler, can draw upon 18 million potential customers from New York, just

# Hopes for the thaw

RACING BY DOMINIC WIGAN

AS ANTICIPATED by the weather forecasters early last week, the freeze-up seems sure to be with us for a few more

days at least. With no sport for the seventh day running, the second half of a team of 10 jumpers which, it may be hoped, can reward a level bet stake over the remainder of the season is

MADAJAR (six - year - old trained by Martin Tate). A much-improved hurdler towards the end of the 1979-80 season, this Royalty gelding was not

seen out last season. If he remains sound, Hadajar will be a valuable asset to Tate GLAMOUR SHOW (five-year- most profitable jumping figures

Another much-improved sort, Glamour Show is probably still a few pounds better than some

MR GUMBOOTS (seven-yearjustify his acquisition from an Irish stable.

trained by Neville Crump). Sold for 5,000 guineas at the Ascot terick last winter, Pebble Path

make a name for himself. WHY SO (eight-year-old trained by Denys Smith). A blg handsome No Argument

but Why So can help him to his old trained by Josh Gifford). in the past few years,

#### **TELEVISION**

Chris Dunkley: Tonight's Choice

Regular readers will have noticed that BBC2 features here more often than any other channel. That will continue as long as BBC2 presents the best choice for demanding viewers. Tonight, if you simply want to pass the time BBC1 offers its kitsch space opera Blake's Seven ("Avon, how much more weight must we lose before we can obtain escape velocity?" etc) and ITV is presenting the Barbra Streisand movie A Star Is Born.

BBC2 shows the eleventh of its series Tales of 12 Cities which have been made by the BBC's various regional centres. Tonight's, about Portsmouth, the running down of the naval dockyards, and the future of the city, was made by BBC South.

The Great Art Dictator investigates Hitler's grudge against modern art and his endeavours to create an unmatched collection

of traditional representational art—mainly by theft.

The various Ends of Mrs F's Friends, again BBC2, is that rare phenomenon, a musical specially commissioned for tele-vision. Gillian Lynne, celebrated for her choreography of "Cats," directs.

#### **BBC 5**

10.35 am Speak for Yourself. \$5.40 "Daredevils of the Red 11.00 Play School. 6.00 Schools Prom. 11.25-11.40 Write Away. 6.55 News Summary. 7.00 Living in the Past.

9.25 The Monday Film: "St. Ives" starring Charles Bronson, Jacqueline 2.20 pm Let's Go. Bissett, John Houseman, and Maximilian Schell. 2.35 Inside Japan. 3.30 Multi-cultured Swap Shop 10.55 Film 81 with Barry

†3.55 Star Movie: Norman. Little Minister," starring Katharine Hepburn.

11.25 Speak for Yourself. 11.50-11.55 News Headlines.

12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Chock-a-block 2.00-2.12 When the

Bough Breaks. 3.09 See Hear!

3.25 Delia Smith's Cookery Course. 3.53 Regional News for

England (except London). 3.55
Play School. 4.20 Mighty Mouse.
4.25 Jackanory. 4.35 Jigsaw. 5.00
John Craven's Newsround. 5.05
Blue Peter. 5.35 The Amazing
Adventures of Morph.

6.00 Nationwide (London and

8.10 Panorama looks at the

dilemma of Test Tube

baby developments and at

new fields of embryo

South East only).

5.40 News.

6.25 Nationwide.

7.20 Blake's Seven.

research.

6.55 Angels.

9.00 News.

All IBA Regions as London except at the following times:

**ANGLIA** 9.30 am Larry the Lamb. 9.45 Clegg's People. 10.10 Then Came Bronson. 11.05 Cartoon Time. 11.15 Pro-Calebrity Tan-pin Bowling. 1.30 pm Farmhouse Kitchen. 2.30 Monday Film Matines: "The Love Boat 11." 5.15 University Chellenge. 6.00 About Anglis. 6.30 Survival. 12.05 am A New Kind of Family. 12.35 The Big Question.

ATV 9.40 am The Stationary Ark. 10.05
Prairie Album. 10.20 Badey's Bird.
10.45 Front Line Evangelistz. 11.15
Scooby Goes Hollywood. 1.20 pm ATV
Naws. 2.00 Rendezvous With Romance:
"Anetomy Of Seduction." 3.45 MoneyGo-Round. 5.15 Jos 90. 5.00 ATV
Today. 12.05 am ATV Naws.

BORDER S.35 am Sesame Street. 10.35
Morning Film: "Sands Of The Desert."
starring Charlie Drake. 1.20 pm Border
Newa. 2.00 Mathee: "Our Miss Fred."
3.45 Money-Go-Round. 5.15 Survival.
6.00 Lookaround Monday. 6.15 The
Sound of Children. 6.45 Travellers'
Teles. 12.05 am News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.00

(S) Stereophonic broadcast ‡ Medium wave

RADIO 1

The Monday Matines: "Appointment With Venus." 3.35 Cartoon Time. 3.45 Money-Go-Round. 5.15 Here's Boomer. 6.00 Channe? Report. 6.25 A Channe to Meet . . Richard Ogden. 6.35 The Science Quiz. 10.28 Channel Late News. 12.05 am That's Hollywood. 12.05 News. and Westher in French. GRAMPIAN S.40 am First Thing. 9.45 It's a Musical World. 19.35 Target the Impossible. 11.00 Seseme Street. 11.50 Larry the Lamb in Toytown. 1.20 pm North News. 2.30 Monday Matunes: 15.15 Mork and Mindy. 8.00 North Tonight. 6.30 Out of Town. 12.05 am The Amazing Years of Cineme. 12.30 North Headlines.

GRANADA 9.30 am Animated Classic. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Seasme Street. 1.20 pm Granada Reports. 2.30 Manday Matines: "Sleaping Car To Triests." 5.15 The Muppet Show. 6.00 Granada Reports. 12.10 am Gr

HTV

9.45 am Sesame Street. 10.45 Bailey's Bird. 11.10 Animeted Classics. 1.20 HTV News. 2.30 "Rhodes of Africa," starring Walter Huston. 5.15 The starring Walter Huston. 5.15 Fintstones. 6.00 Report West. HTV News.

HTV Cymru/Wales—12.00-12.70 pm Fislabalam. 4.15 The Flying Kiwi. 4.45-5.15 Ser. 8.00 Y Dydd. 6.25-7.00 Report Wales. 8.00 The Spinners and Children. 8.30-9.00 Yr Wythnes.

SCOTTISH

7.30 Tales of Twelve Cities. 8.10 Cliff!

9.00 The Great Art Dictator.
9.55 "The Various Ends of
Mrs F's Friends."
10.55-11.45 Newsnight.

9.30 am Children of the Lotus. 9.55 Stars on ice. 10.20 Fastest Man in the World on Water. 11.10 Bowls Spac-"Sunstruck." starring Harry Secombe. 3.45 Money-Go-Round. 5.15 Drif rent Strokes. 5.00 Scotland Today. 6.40 Crimedesk. 12.05 am Lete Cell. 12.10

SOUTHERN

9.30 am Wild, Wild World of Animale. 9.55 Bailey's Bird. 10.20 fengfacs. 10.45 Tarzen. 11.35 The New Fred and Barney Show. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "Young Wives' Tele." sterring Jean Greenwood. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 Day by Day. 6.30 Different Strokes. 12.05 am WKRP in Concinnati.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 George Hamilton IV. 9.55 The World We Live In. 10.20 Cartoon Time. 10.35 Stingray. 1.00 Sesame Street. 1.20 North East News and Lookaround. 2.00 Money-Go-

Round. 2.30 Monday Matines—" Sixty Glorious Yeers." 5.15 Happy Days. 6,00 North East News. 6.02 Three Little Words. 6.30 Northern Life. 10.30 North East News. 12.05 A Good Tomorrow?

†Indicates programme

black and white

ULSTER

1.20 pm Lunchums. 2.30 Monday Matinee: "Dr Strangelove." 4.13 Ulater News. 5.15 Joe 90. 6.00 Good Evening Ulater, 10.29 Ulster Weather, 12.05 am

WESTWARD

9.35 am Sesame Street. 10.35 The Lost Islands. 11.00 Novs. 1.20 pm Wastward News Headings. 2.00 The Monday Malines: "Appointment With Venus." 3.35 Cartoontime. 3.45 Money-Ga-Round. 5.15 Here's Boomer 6.00 Westward Diary. 10.32 Visstward Late News. 12.05 am That's Hollywood. 12.30 Faith For Life. 12.35 West Country Wasther.

YORKSHIRE

"Their Purple Moment." 11.00
Bygones. 11.25 Make Mine Music.
11.56 Wattoo Vastroo. 1.20 pm Calendar
News. 2.30 Monday Matines: "The
Great Wallendes." 5.15 Survival. 6.00
Calendar (Emley Moor and Belmont
editions).

#### **RADIO**

5.00 sm As Radio 2. 7.00 Mike Read.
9.00 Simon Betss. 11.30 Dave Lee
Travis. 2.00 pm Paul Burnett. 5.00
Peter Powell. 7.00 Stavin' Alive with
Andy Peebles. 8.00 David Jensen.
10.00-2.00 John Peel (S). night. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the

RADIO 3

Andy Peebles. 8.00 David Jensen.

10.00-2.00 John Peel (S).

RADIO 2

5.03 am Stave Jones (S). 7.30 Ray Moors (S). 10.00 Jimmy Young (S).

12.03 pm John Dunn (S). 2.00 Ed Stawart (S). 4.00 David Hamilton (S).

5.45 News sport. 6.00 David Hymnols (S).

Sports Desk. 8.00 Folk On 2 (S).

Sports Desk. 8.00 Folk On

Re Di Creta," opera in three acts by Mozart (sung in Italian) (S). 8.25 Interval Reading. 8.30 "Idomenso," Act 2. 9.15 Interval Reading. 9.20 "Idomenso," Act 3. 10.35 Jazz in Britain (S). 11.00 News. 11.05-11.15 Oboe and Guitar (S). Medium Wave as VHF except: 8.40-11.00 am Cricket: Second Tast—England v India at Bangalora.

Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.50 Poetry Plasse! (S). 12.00 News. 12.02 pm You and Yours. 12.27 How to Survive the Office Party. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternorn Theatre 4.35 Piano Parlour (S). 4.45 Story Time. 5.00 PM: News Manazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archera. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play. 8.30 Keleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedrime: 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

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When help is needed, please help him and his dependants A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers ex-soldiers and their families in distress DEPT PT DUKE OF YORK'S HO LONDON SWI4SP

#### match was important too. Of is in the same double-handed their 44 meetings since 1973, mould as Mrs Evert Lloyd and Mahwah, New Jersey, in

Mrs Evert Lloyd's fine
Wimbledon win against Miss
Mandlikova, her third success
in seven finals since 1973,
avenged a defeat by the Czech
No. 1 in the French semi-final.
But the loss of her U.S. Open
title to Miss Austin at the same
tage cast a cloud over the rest

their Sydney final three weeks ago, it seemed she might have ing one of the best attacking serve-volleyers on grass.

But as in their two Wimbledon finals in 1978 and 1979, Miss Navratilova prevailed a week later to claim a first Australian title, and in doing so denied Mrs Evert Lloyd the same distinction.

Andrea Jaeger, the 16-year-old prodigy from Chicago who Jersey to the east, and New

might suspect. old trained by Nick Gaselee). A tall and unfinished ex-Irish son of Eucaliptus, Mr Gum-boots will almost certainly

> PEBBLE PATH (five-year-old June sales after winning a modest hurdle event at Catis another who seems sure to

bay, Why So ran his best race last season in defeat. Denys Smith now concentrates principally on the Flat,

# How ICI cushions redundancy

Nick Garnett assesses the UK chemicals giant's scheme to enhance the prospects of its surplus workforce

WHAT HAVE the following redundancies were announced, of attempting to provide condi- Darryll McGee, the division's

The answer is that they are the problem all former employees of ICI other ways. Fibres who have been assisted by one of private industry's redundancy.

For a company that prides itself on treating employees know what unpleasant long-term repercussions can result if it doesn't, the programme of closures and redundancies that was implemented at parts of ICI last year has been an unwel-come challenge.

in job-finding, retraining, reto work at all, what are his
deployment and counselling
financial needs? They have to
within ICI as a whole.

It differs from many of the employment-hunting schemes to a large extent a result of run by other companies in its trying to take as humane a view sheer size and nature and the as possible of the social reper-length of time it has been cussions of redundancies and

clumsy drafting.

people in common: a warehouse the Fibres Division set up a manager who will soon be an full-time team of 35 men and Anglican vicar, a production women in six plants, including foreman who is training as a central administration and chiropodist, and a clerk setting research at Harrogate, York-up as a mini-tour operator in shire, whose job it was to help employees find work or tackle the problem of redundancy in

Built around this team has been a whole paraphernalia of largest and most advanced job-finding and counselling pro-tunity bulletins, on-site accountgrammes for workers facing ing advice on pensions, earnings and the setting up of small businesses, redeployment schemes, some financial help fairly and is shrewd enough to with retraining and publications

#### **Priorities**

come challenge.

The Fibres Division, which last autumn announced some a good deal of this," says George 3,200 redundancies in the UK. Brownile, the division's resettle-together with the total closure of its plants at Kilroot, Nor-about concentrating the thern Ireland, has probably the employee's mind — where does biggest programme of assistance he want to work, does he want

The redeployment scheme is perating. plant closures. It has grown In October last year when the from a general ICI philosophy

tions and facilities for its employees that are comparable with anywhere else in private industry and better than most.

ICI is the first to accept though that this attitude also has positive benefits for the company. It helps defuse the risk of an aggressive shop floor reaction to job losses. It also assists in shoring up morale

The scheme at Fibres, as with those used by other companies, is not designed to give people new jobs but to identify job opportunities and assist em-ployees facing redundancy to make the most of those oppor-

Of the 3.200 who have been or will be affected by the redundancies announced last year, some 2,800 have so far taken voluntary redundancy of one kind or another — early retirement, new roles in or outside ICI, and self-employment.

tunities.

"I've no doubt in my mind that it's been a success," says Brownlie. "We cannot of course claim to have redeployed the 2,800 but we helped provide employment opportunities and gave these people a range of assistance. We've had no strikes, no industrial trouble. I've yet to meet a bitter guy."

The Fibres redeployment able autonomous unit but is under the overall charge of joining,

Darryll McGee, the division's At Harrogate a deputy chief business services director. It accountant is on hand to discuss centres: Doncaster, Gloucester,

A number of ICI staff were chosen from different departments and with different disci-plines to work as counsellors. At Harrogate there is a jobsearch team of five. This team know how badly or well off they —which includes a woman to are financially," says Brownlie. help female members of staffworks full time seeking out vacancies within a 25 mile radius of the town.

#### Cash flow

Since January 1,000 telephone calls and 350 personal calls on other employers have been made from Harrogate and 350 job opportunities—other than those advertised—have been dug out. Counsellors undergo a two-day training course on counselling techniques. Practical help is also given on constructing a curriculum vitae and interviewing techniques and the redeployment group pro-vides secretarial help for typing application letters.

On the financial side, individuals are given a comparison of what their cash flow has been while working for ICI and what it can be expected to be at the new company he or she intends

has "branches" at each of the investment though the company five affected manufacturing suggests that outside analysts should also be used. Financial Pontypool, Wilton on Teesside advice is provided on selfand Kilroot—and in Harrogate, employment projects, initially to tell an employee whether it is likely that his concept of making lamps from rock salt or whatever is even worth con-sidering. "People just don't

Self-presentation is taught with the help of tape recorders and video machines and the jobs bulletin—which contains jobs culled from every source, including those resulting from contacts with companies abroad are circulated to all the plants and brought up to date weekly.

ICI uses well established retraining schemes, both inside and outside the company; within the past twelve months this has involved fibres division employees, for example, learning a range of new skills from car-pet weaving to agricultural machinery engineering.

One trip to Australia, South Africa and America by Brownlie and Ron Goodwin, the division's personnel manager, produced 80 concrete job offers, mainly from companies with manufacturing interests related to those of the

which is due to close next year and is in the most difficult



Roy Chapman, a redeployment counsellor, is one of a full-time team of 35 m plants around the country

area for employment of all the bers went into retraining. National Officer, criticises the Fibres plants affected by redundancies—shows that so far a much more used by white-collar volving the unions. He says for half of the 900 weekly paid workforce and some 60 per cent of the 200 monthly paid staff have moved into new employ-

An initial analysis of 400 manual workers at Kilroot shows that 43 per cent of these went to other companies, 12 per cent for each category set up their own businesses, joined the security forces or were transferred to the Gloucester plant. About 13 per cent took early retirement.

Of the monthly staff surveyed, a third left without a job, 40 per cent went to external companies, 15 per cent to jobs within ICI or associated com-A study of the Kilroot plant panies and 3 per cent became

Of both groups, small num-

staff, perhaps not surprising given the cultural difference between white- and blue-collar workers and the variation in iob availability.

By far the biggest resistance to move in order to get employment was found in South Wales. Employment turnover is signifi-cant at the Gloucester plant but the division has only been able to entice relatively few workers from Pontypool, some 60 miles away, to take up new jobs at the English site.

committee to look at the whole programme of redundancies, demanning and redeployment at ICI: David Warburton, General and Municipal Workers Union ties.

example, that the redeploymenteams should link in with the unemployment centres now he ing set up by the unions which could assist in identifying jobs. The unions of course have not accepted the need for all the cutbacks ICI has carried

Meanwhile, the Fibres Division looks at the catalogue of employees who, among other scen-pations, are now training to be a watchmaker, dental techni-English site.

Some national union officials are seeking a cross-union joint satisfied that the receptoyment programme is maintaining the company's tradition of giving a square deal to its employees in times of severe trading difficul

# The twilight of tax avoidance

Lord Wilberforce said on that other purpose than tax avoidoccasion that courts were Recent developments have obliged to accept a document brought to an end the happy or transaction, found to be times when taxpayers could genuine, as such even if motiavoid paying too much tax quite vated by the desire to avoid tax. legally by relying on the letter This principle, said Lord Wilber-of the law. In a long series of force, "does not compel the cases the House of Lords stuck court to look at a document or to the letter of Finance Acts transaction in blinkers. Isolated from any context to which it and allowed taxpayers to use any loophole that was available, properly belongs." The Burmah decision was a

either intentionally or by However, when it became approach.

THE SUETLE art of producing evident in recent years that tax profitable losses at a low cost avoidance was developing into to everybody except the Inland an industry capable of deliver-Revenue seems to be doomed. ing ready-made tax avoidance The decision of the House of schemes off the shelf, the Lords Lords in the Pilkington tax changed their minds. In the case" expected this week, is Ramsay case\* the Lords likely to expand the impact of outlawed "circular" tax avoidthe Lords' judgment in the ance schemes in which the fee Burmah cases on December 3 paid to the tax consultant was and to eliminate the possibility just about the only material of making profits disappear by change in the taxpayer's finantransactions which have no cial situation.

further development of this

In the background of the tion is known as "capital allow- Liners, and that this company allowances producing "trading Pilkington case is a real busi- ances."

Manchester Liners knew that ness venture, namely the the first year's capital allowpurchase of a new ship by ances on the ship would substan-Manchester Liners, part of the tially exceed the taxable income Furness Withy Group. The expected by the Furness Withy Group. It suggested that question which the Lords will now consider is whether this arrangements be made which transaction has a genuine and would enable Pilkington to take advantage of these capital allowreal connection with Pilkington, the glass manufacturer. ances against a cash payment to Manchester Liners or its The events which led to the neminees.

present tax case started with an approach made by Manchester Liners to Pilkington. The whole of the purchase price of a new allowances the ship would have to be purchased by a comship may be written off for tax pany in the Pilkington Group. purposes in the year in which It was, therefore, agreed that the ship is bought or in any other year at the taxpayer's Golden Cross, a wholly-owned option. In the UK, tax deprecia-

would be taken over by losses" of £13m. These were Pilkington.

In the case stated before the special commissioners it was admitted that Pilkington would prepare "an informal letter covering the unscrambling" of this takeover. The operation was carried out as agreed and Golden Cross ended up as a 75 per cent subsidiary of Pilkington. The remaining 25 per cent of its shares were held by Manchester Liners; but Manchester Liners and Pilkington had equal In order to benefit from these voting rights.

Trading losses

From then on the companies were on to something good. Golden Cross claimed capital

surrendered to Pilkington under the terms of a group relief agreement in return for a payment equal to 87.5 per cent of the corporation tax saved by Pilkington. In this way Pilkington saved £6.76m on corporation tax, of which £5.9m was paid to Manchester Liners,

The special commissioners disallowed this tax-saving scheme but, on appeal, Mr Justice Nourse allowed Pilkington's claim. The Inland Revenue appealed further to the House of Lords, and taking a strict legalistic approach the main

saving of £845,000.

whether the transaction was or was not hit by the anti-avoid- to make the government pay ance provisions contained in 52 per cent of the cost of the Section 29 of the 1973 Finance Act One of these provisions rules

relief scheme if one of the companies can leave the group and become related to another company. In view of the intention to provide an "unscrambling" letter, this could be relevant and frustrate the arrangements. but inexplicably this argument has not been put forward by the Inland Revenue. However, during the hearings

leaving Pilkington with a net which took place on November 16 and 17 the Law Lords. seemed to be following a more robust reasoning. Lord Wilber-force asked Pilkingtor's counsel, Mr C. N. Beattie UC. what was the real purpose of the scheme.

Beattie conceded that its real

ship. This admission may well have settled the case unless the Law Lords find it necessary to re-open the hearings in order to out the application of the group give the parties an opportunity to introduce arguments based on the Burmah decision, which was handed down after the hearings in Pilkington were

of the capital allowances and

#### Stefan Frommel

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\* Commissioners of Inland Revenue v Pilkington Brothers Limited pending before the House of Lords.

Commissioners of Inland Revenue v Burman Oil, FT CLR, S December 1991.

W. T. Ramser Limited v Commissioners of Felland Revenue. Judgment 12 March 1981.

Dr Stefan N. Frommel is Reader. in European Business Law at the City of London Polytechnic.

## **CONTRACTS AND TENDERS**

#### REPUBLIC OF SIERRA LEONE **NATIONAL POWER AUTHORITY** BUMBUNA FALLS HYDROELECTRIC

**PROJECT** GENERAL PROCUREMENT NOTICE AND

CIVIL WORKS PREQUALIFICATION

GENERAL PROCUREMENT NOTICE The Republic of Sierra Louis intends to undertake the construction of Phase I of the

BUMBUNA FALLS HYDROELECTRIC PROJECT focates on the Sen finer, Day km northeast of freetown. The work would include, besides the hydroelectric power plant of 8 ambune, 4 substantions at Magburaka, Lunsar, Freetown East and Seladu as well as the necessary transmission lines. According to present plans, the construction of the work is acknowled to start at the and of 193.

The work would be subdivished in the following contracts: Contract A2, Civil Works

Contract AJ, Civil Works
Rockfill dam, licepit 75 m, volume 2.4 million m), pressure tunnel and
tailrace tunnel 65 m diameter, total length 2.1 km, spillways, make
structure, surge tanks slash, paworhouse for 3 vertical units with an
installed cupacity of 100 MW, tailrace canal length 1.5 km, switchyard
at Bumbuna and 4 substations with pertaining foundations, service
building and access.

Contract B, Hydraulic Steel Structures
Inlake screen and gate, pressure tunnel inlet gate, bottom outlet gate, set inners of the posstock 4.5 in diameter, length 120 m, and manfold.

Contract C1, Mechanical Equipment
2 Francis turbines rated output 33.5 MW each, rated head 105 m,
2 butterfiv valves 2.1 m dismeter, 2 draft tube gates, cooling-water
system, desinged and devautering system, oil-storage and transport
system, workshop, powerflouse efevsior, powerflouse crans 120 tons,
vontiletion and air-conditioning system, service hydroturbles rated
output 525 kW (option for a third 23.5 MW turbine). Contract C2, Generators and Excitation Systems

2 generators rated output 38 MVA, excitation system, generator for the service hydro unit (option for a third 38 MVA generator).

Contract C3. Transformers 2 42 MVA 132/10 kV, 2 40 MVA 132/33 kV, 1 12.5 MVA 132/33 kV, 2 8 MVA 132/33 kV, 2 10 MVA 33/11 kV, 2 5 MVA 33/11 kV, 4 1.25 MVA 33/11 kV, 0d treatment plant (eption for a third 42 MVA 132/10 kV transformer).

Contract C4. Switchgear and other Electrical Equipment for the Bumbuna powerhouse and switchyard and 4 substations. Contract C5, Telecommunications Equipment

Contract Cs, I decommunications equipment

Contract D, Transmission Lines
Double circuit Bumbuna-freetowm 132 kV, 231 km. Single circuit
Magburaka-Seladu 132 kV, 133 km. Double and single circuit lines
around Seladu, 32 kV, total length 60 km.
The Government of Siorra Lenne is applying, through the services of
the International Development Association, for international loans
towards the cost of the Sumbuna Project and Intends to apply the
proceeds of these loans to eligible payments under the various
contracts mentioned above, for which this amouncement is Issued.
Prequalification is required for Contract A2, Civil Works. No
prequalification is required for Contract B, C and D; bidding is
scheduled to take place early in 1982. Separate announcements will
be published in this journal for bidding Information related to Contracts
8 through D in due course.

PREQUALIFICATION FOR TENDERERS OF CIVIL WORKS Individual contractors, or joint ventures with experience in works of similar nature and magnitude as those described for Contract as shows are invited to apply for general information and questionnaires.

MOTOR-COLUMBUS
CH-5401 RADEN/SWITZERLAND
CH-5401 RADEN/SWITZERLAND
CH-5401 RADEN/SWITZERLAND
TELEX: 55532 MOCO CH
STUDIO ING G PIETPANGELI
OF VIALE DEL MONTE OPPIO, 24
OF 34 603 of 766) 734 752 Prequalification forms will be available from the date of publication of this announcement and the completed forms must be received at one of the above addresses not later than January 4, 1992. Invisition for histology for productified firms is scheduled to take place early

**BUMBUNA HYDRO-CONSULTANTS** 

STUDIO ING G. PIETRANGELI ENGCON Consulting Engineers E.D.A. Fome/Italy TECHSULT

MOTOR-COLUMBUS Consuiting Engineers Inc. Baden/Switzerland

#### SUDAN RAILWAYS STORES DEPARTMENT

CONTRACT NO. 5078

SUPPLY OF

(a) 100,000 BEARING PLATES (b) 1,081,600 SCREW SPIKES

NOTICE

Controller of Stores, Sudan Railways, Atbara, invites Tenders for supply of (a) 100,000 Bearing Plates; (b) 1,081,600 Screw Spikes. Details. Specification and Drawings can be obtained from the office of Controller of Stores, P.O. Box 65, Atbara, or Stores Representative, Khartoum, Tel. 74793, or Sudan Government Purchasing Agent. 3-5 Cleveland Row, St. James's, London SW1 IDD, on Submitting a written application and named

submitting a written application and payment of £7 for one set of details, specification and The closing date fixed for acceptance of Tenders in this office is Wednesday, 20th January, 1982, at 12.00 hours noon.

# OFFICE OF CONTROLLER OF STORES

ETHIOPIAN TRANSPORT CONSTRUCTION

EXTENSION OF CLOSING DATE OF INVITATION IFB No. T-02/74

AUTHORITY

The Ethiopian Transport Construction Authority of the Provisional Military Government of Socialist Ethiopia announces that the closing date of Invitation IFB No. T-02/74, for the purchase of Road Construction and Transport Equipment, is Extended to December 22, 1981, at 10:00 hours Addis Ababa

All bidders who have picked tender documents and all others interested to participate are advised to note the change and submit their bids on or before the new closing date and time.

#### **THEATRES**



WHITEHALL Box of the 01-839 6976, 61-930 691-7765. CC 01-930 6693-6934 6944. Croup sales tel. 01-379 6061, 9644. Croup sales tel. 01-379 6 WINDMILL CC 01-437 6312. Twice nightly Mon-St 7.00 and 9.00 pm. Sun 6.00 and 8.00 pm. Paul Raymond presents RIP GIPF Hotter than over 1981. The coric experience of the modern era. 5th Great Year. FINAL WEEK. WEEK.

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5565. Grp re-actions 836 3962. COLIN
ELAKELY. ROSEMARY HARRIS
Directed by MICHAEL BLAKEMORE.
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mat 2.50.

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7.30, til 17 Dec. Scats £1.30. The
WiNTERS TALE.
Opens Sat 19. 5.0 & 8.0 for Xmas
GODSPELL. All Seats £2.30. Soc
YOUNG VIC STUDIO. 928 6363. Dec
17. 18. 19 til Seats 809. Youth Thesire
In TIMESNEEZE (for 12-18 years).

#### NOTICES

Notice to Holders of European Depositary Receipts (EDRs) in European Depositary Receipts

(EDRs) in

SHARP CORPORATION

Further to our notice of Sentember 25, 1981, EDR holders are informed that Sharp Corporation has naid a dividend to holders of record Sentember 30, 1981, The Interim cash dividend payable is Yen 3.75 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 1 for payment to the undermentioned spects.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agen of a valid absolute of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reducted withholding rate. Countries currently having such arrangements are as follows: Arab Republic of Egypt France Romania Singapore Republic of Egypt Hungary Singapore Soaln Service Soaln Service Soaln Service Soaln 1.000 shares U.S.11,52 U.S.11,52 U.S.14,72 Agents
Depository:
U.S.11,52 U.S.14,72 Agents
Citibank, N.A.
Citibank (Lutembourg) S.A.
S.S. Strand, London, W.C.R 1HB 15 Avenue Marie Theretes
We are also pleased to confirm that cooles of the 85th Interim Business
out for the six months ended September 39, 1981 of Sharp Corporation
trioned Debolitary and Agent.
Lember 14, 1981

EUROFIMA SOCIETE EUROPEENNE POUR LE FINANCEMENT DE MATERIEL FERROVIAIRE 81% 1976/1983 U.S.530,000,000 NOTICE IS HEREBY GIVEN to Bondbolders of the above loan that the nt redeemable on February 15, 1982, Le. USS2,000,000 was bought in the

.000,000,12221.000,000

PERSONAL

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#### ART GALLERIES

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S86 3600. Audrey Lancenza LON-DONER'S LONDON. Lower sallery SCOTTIE WILSON. LEGER, 13. Old Soud Street. Eaglish Watercolour Exhibition Including Furner, Towns, White, Abbott. Abo M. E. Brabason Exhibition, Mon. Sat. 9,30-5,30. LUMLEY CAZALET, Z4. Davies St., W1.
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W. M. PATTERSON, Christmas Txhibition of Landscapes by ANDREW CDATES and ENGLISH AND EUROPEAN MASTERS OF THE 19th CENTURY. Mon.-Fri. 9.30 ame pm; Sats. 9.30 ame pm; WHITECHAPEL ARY GALLERY. White-chapes High St. 377 0107. Pube: Aldgete East. To 24 Jan. BRITISH SCILLFTURE IN THE TWENTIETH CENTURY. Part II 1951-80. Sun.-Fr, 11-6. d. Set. Adm. £1 (30p). Free Mon. 2-6.

MARLEGROUGH, 6, Albemarie St., Wi., JOHN PIPER Tudor Pleturesque: oils., gouaches and new-graphics. Until 9 Jan., 52 Mont-Fri, 10-5.30, Sat. 10-12.30.

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# issue would now appear to be purpose was to take advantage To readers of the Financial Times -a Special SAVE

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# Howto a ease her loneliness?

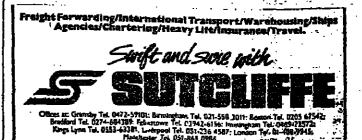
Funny thing about time; it can go like lightning of it can drag on endlessly, empty and monotonous. That is how it passes for most old people - they are lonely and bored. Lonely days occur far too often.

On a happy day an old lady may have a chat with a friend and even enjoy a programme on TV. And, like last year, she may be able to spend a week at the seaside with new and old friends.

it doesn't take much to alter the quality of an old person's timehelp us to make them happy-remember the National Benevolent Fund. for the Ager! to your clients when deciding about Wills, Every little gift

goes a long way. We will case the old person's loneliness with your help. Through the NBFA each gift can make a positive difference.

> National Senevolent Fund for the Aged. 12, Liverpool Street, London EC2M 7NH.



etes etg-

Collegiate Theatre

STOPHERIO

# Marriage

by RONALD CRICHTON

Colin Matthews.

by David Blight as the second part of a Slavonic programme otherwise devoted to chamber Martinu and Lutoslawski, notably well performed by Divertimenti.

The occasion was rewarding enough to deserve repeating, for example at festivals which can't run to full-scale opera.

A fragment Marriage may be, and original one, an attempt by Mussorgsky as early as 1868 to stand operatic conventions on their heads by setting a prose text word for word, without thought of "numbers" or

formal construction.

A few years later Gounod, of all people, was to embark on and abandon a similar experiment with Molière's George Dandin (perhaps Nexus will dig

The result is somewhere between Mussorgsky's nursery songs and Janacek, but without the latter's lyrical intensity— which the subject, in the completed act at least, hardly calls

Marriage is engrossing not complete one act operas.

Mussorgsky's opera, Marriage, least for a kind of formal strucis the single act he completed ture Mussorgsky allows to (but did not orchestrate) of a emerge by working an instruprojected four-act setting of mental figure through a short Gogol's comedy. On Saturday speech or monologue. Whether Nexus Opera and the Divertible could have kept this up menti group jointly gave the through four acts, or whether premiere of a new orchestra an audience could have kept tion by Oliver Knussen and up the necessary concentration without greater contrast or Ronald Eyre staged the act lyrical relaxation, is another simply but effectively in a set matter. Anyway, he turned instead to Boris Godunov and gave the score of Marriage to his friend Stassov, one of the music by Stravinsky, Prokofiev, few who understood what Mussorgsky was trying to do.

For the first few minutes it sounded as though the conductor, Lionel Friend, was going to allow the small band to swamp the singers - they were much more resonant in the pit than in A fragment Marriage may be, the chamber work played on but an uncommonly interesting stage. But the balance soon came right.

The best compliment one can pay the scoring is to say that one hardly noticed it. The same applies to the easy, colloquial translation by Stephen Oliver.

The excellent singers were Richard Suart as the bachelor Podkolyosin, indecisively considering the fatal step, Michael Bulman as Kochkaryov, the friend who has taken it. Richard Wigmore as a surly servant, and Anne-Marie Owens as Pyokla, the matchmaker. The direction was agreeably free of stereo typed " Russian " caricature.

The single act stands up firmly on its own - there is more substance than in many

Festival Hall

#### Isaac Stern

by MAX LOPPERT

"His distinctive style," the the composer of this period. New Grove entry on Isaac Stern Here, though all the buzzing, comments, "reflects his vibrant personality, total involvement in music, and intense communicamusic, and intense communica- velations emerged in the tion with his histeners." So much rhapsodic music, which can was amply evidenced in Friday's seldom have been traced with tion with his histeners." So much recital; had the writer, Boris Schwarz, been there, he might have been tempted to add a sentence about the sheen of benign warmth and mellow expressivity that now sheds itself upon the

Followers of the violinist may n of fact always been in recent London moment of special grace.

appearances). These things did no harm to the wonderful sense of fitness in the readings of Brahms, Bartok, and Franck; indeed, they seemed to underscore it.

The Brahms sonata was the G major, Op 78; the restrained tonal compass at the start of fection, but threw a veil over the more energetic striding and

questing that succeeds it. which followed, Mr Stern and his pianist. Andrew Wolf, were in their element; one has heard the work unleashed with greater kind of unstinted incisiveness

leaping, and pounding was sounded with excellent attentiveness to note values, the regreater or more individual poetic insight.

Stern hardly looks like a violin-poet, and never has; but he sounded supremely like one in the Franck Sonata. The artistry could be measured in the touches of rubato and tenuto, as-natural as preathing, also note, with the passing of that punctuated the opening sent the years, a slight diminishing of breadth in the dynamic range. even perhaps a reduction of above all that the heart of the sheer volume; and on occasion work lies in its romantic reverie. The way the two inpassagework (though on Friday strumental voices slipped, the intonation was largely above quietly and unassumingly, into reproach, which it has not the last movement was a

> Mr Wolf, a new name to me, is a planist of superfine sensitivity to his partner's intentions. though at full stretch the tonal mass of his playing was sometimes felt to be insufficient.

RPO appointment

The Royal Philharmonic the evening suited its nostalgic, Orchestra has announced the musingly lyrical opening to perappointment of Iau Maclay as managing director with effect from February 1 1982. Aged 31, he is at present

By the First Bartok Sonata, planning and marketing manager of the South Bank concert halls. Before joining the Greater London Council Mr Maclay worked in the manage-ment team of the RPO for some eight years becoming concerts



Fortified appearance of the new Institute of Virology at Oxford

Architecture

# Clothes of the past

by .COLIN AMERY The site has been an import-

ant influence on the design of

mature trees that are preserved;

and it sits in a part of Oxford that is mostly well-spaced build-

The use of buff-coloured

bricks and the steep ground-level plinth are traditional ele-

ments that link the building to

its area and to the past. Small windows and angled edges to

walls and the steeply pitched

slate roof are all drawn from a

historical vocabulary.
What one sees is a loose mix-

ture of traditional elements.

being used as a kind of disguise for a building that one would

expect to have a more rational

appearance. The architects, Architects Design Partnership

(Partners: Victor Hutchings and

David Mitchell; associate: Ken-

neth Whiting), have created a

style of architecture that appar-

ently goes overboard not to

shout science and technology to

The client imposed some diffi-

cult demands. Because of the

nature of the scientific research

into viruses of all kinds, good

security was needed. This made

it necessary to have just one

main entrance as the only way

self-contained and needed to be

on different levels of the build-

ing. An immense amount of

servicing-air-conditioning and

constant temperature environ-

ture of insects and animals.

tion of electron microscopes.

Steam, sterilisation plant, com-

plex aspects of a detailed brief.

client and the architect has en-

sured that the technical aspects.

of the building, at least as far

of a building of this kind is

But the architect has another

role, to present the face of that

activity to the world and to see

design are conducive to happi-

It is not a great piece of

cosy of traditional materials and

cess that takes place inside it.

All of the departments are

into all of the departments.

the sky.

ings and large gardens.

A new science building at Oxford should be an occasion for an exciting experiment.

or an exciting experiment. this building. It is restricted, When Ruskin's friend Dr only 0.21 of a hectare; it has Henry Acland wanted to build a science building and a museum in the late 1840s he tried to show that Gothic architecture could be built in "railway materials" of iron and glass. He succeeded with the University Museum by Ben-jamin Woodward in a way that still dazzles the visitor with the lightness and strength of its glass nave and aisles.

At the Radeliffe Observatory the University was fortunate enough to marry astronomy and architecture in one of the most harmonius of James Wyatt's designs. The very idea of looking at the stars from a Tower of the Winds gives research a touch of the Classical journey.

In our own technological times the sciences grew at Oxford to such an extent that a whole Science area of the city was created, around the Parks Roads. Here the buildings are flung about wasteful sites in a haphazard, manner and are a mixture of roughcast neo-Georgian and brutalist modern. None of them is very distinguished, and some are preten-

tious and heavily monolithic. A new member of the science fraternity has recently opened in a building that can only be described as a reaction to all that has gone before. The new premises of the institute of Virology stand in Mansfield Road on the way to the science area and almost opposite Mansfield College.

The National Environment Research Council financed this important new research institute and the site was allocated by the University, although the institute is independent.

On first seeing this new building I was intensely puzzled by its form. From the street it appears to be a long rectangle as they can be understood by with angled corners and a a layman in virology, are com-central tower of brick which petently handled The planning cuts the roof into two unequal halves. Not much question very much dictated by the pro-here of form following function. cess that takes place inside it. The form of the building in

fact seems to have been designed to hide as much of the function of the interior as pos- that the working conditions sible. This is the factor that and the visual aspects of the moves this science building into the post-modern era-when it is ness and comfort, as well as acceptable again not to horst efficiency. about your structures and skeletous but to make an effort to fit architecture. Inside the tea into the surroundings and con-cosy of traditional materials and cesi many of the cruder work- proportions is an awkward

seems to be yearning for a building of dischipline and

clarity. James Wyatt found it possible to apply the disciplines of Classical architecture to the Observatory with no sense of a misapplication or of the use of

The Institute of Virology is doing pioneering work in the field of animal and plant viruses but its new building wears the clothes of the past.

The result is an uncomfortable building that has made a brave attempt at finding a new expression for science "with a homan face" and not quite

I am sure the architects were right to try to use traditional materials, but their design is without any clear precedent and so the materials float on the surface of a concrete frame with no sense of order or proportion. The cool rationality of scientific thought seems to have been bypassed and the result is an uneasy compromise

The announcement last week of a developer / architect c= petition for the long-vacant site next to the National Gallery in don is welcome.

It is hoped that a design will be produced for a building that will house 20,000 square feet of new top-lit galleries for the Renaissance pictures from the National Gallery with commercial use on the lower floors that will finance the building of the

heating - is necessary for the The Secretary of State for the ments for the rearing and cul-Environment hopes for the highest architectural standards Dust, for example, has to be from this competition - cerminimised for the perfect operatainly, the site is important, and the most recent additions to the National Gallery are extremely pressed air, drainage and treatdim. What is needed is an enment of toric waste are all comlightened developer who is not afraid to employ a really first-The close relationship of the rate architect.

> Your correspondent's involve ment with architecture extended beyond the typewriter as he joined other members of the Spitalfields Trust in a sit-in in sub-zero temperatures (which continue as this is written) to try to prevent the demolition of listed Victorian hall in

> Spital Square.
> The refusal of the owners Central Foundation Schools of London) to consider alternatives to demolition seems altogether unreasonable, as Spitalfields is fast developing as an attractive, largely Georgian residential area on the fringes of the City, and needs to retain as much of its character as

Meetings in Metz-1

# Stockhausen by Dominic GILL

For nine years now, as one measure to present during the thrall, he seems to die French festival of contemporary course of a single long weekend music after another has major world premieres by four emerged, briefly flourished and living composers of the rank of disappeared, the Rencontres Karlheinz Stockhausen, John internationales de musique contemporaine in Metz have estabnis Xenakis—all of whom were piano, keyboard, pedals, strings, sished a festival recipe—and a present to supervise rehearsals legs, case and lid, and uses particular niche in this eastern corner of France-that has proved altogether harder to dis-

lodge. The recipe is simple and effective, and for visitors from out-side the region it has the virtues of concentration and brevity: a long weekend, from Thursday might to Sunday night, of new-musical events which all take place within walking distance of each other in and around the centre of the town. The list of contemporary works so far presented during the 10 annual Rencontres since 1972 is impressive: some 250 works, nearly half of them world premieres, by no fewer than 126 different composers, from Afforight and Amy to Zender and Zimmer-

The range of programmes has been both catholic and adventurous, and inevitably and rightly for a festival planned from the start almost singlehanded by one man, the French composer Claude Lefebyre, the list has also reflected an eclectic and personal taste-two works, for example, in successive years by a certain Arié Dzierlatka, but no more than a single appearance (in 1976) of any music by Luigi Nono. (And

the ISCM's World Music Days each year have taught us only too well, than those laboriously concocted by a just and "fair-

minded " committee).

For all its personal accent, Lefebvre's choice has meant in practice a judicious mix of new and unknown music, a substantial focus on local work (based on Metz's own European Centre for Musical Research, with its electronic studio and its policy of "regional animation"), and a plentiful sprinkling of star attractions.

This year, however, it was the stars who stole the show. It asleep, the music takes on an might have been expected that independent life of its own. In Metz would celebrate its 10th the final pages, a simple melody. anniversary with something a which Lucifer has not apparlittle out of the ordinary. But ently commanded, captivates and hearing it played without it was a remarkable coup by any him utterly, and held fast in its its operatic distractions.

and performance.

hausen's Donnerstag at La Scala in Milan, which was the second completed "day" of Licht-a project of super-Wagnerian proportion comprising seven "operas," one for each day of the week, which the composer announced five years ago will occupy the next 20 years of his I also described how, as a re-

suit of this plan, every new Stockhausen work which emerges may be considered and performed (by those who commission it) as a separate piece in its own right: but eventually further chapter in the larger enterprise of Licht.

The Metz premiere was therefore, like all Stockhausen premieres for the next 15 years, And here, as it happened, the she leaves, component parts could be All this very characteristic broken down still further. As Luzifers Traum for pianist and solo bass voice the piece is the scene of Samstag aus "Licht": the same piece with-out the voice can also be per-formed as Klaverstück XIII. why not?—few festival pro-what better scheme indeed, grammes are more dismal, as and eminently practical, to guarantee the continuity of performance of one's ocuvre over a period of 20 years?

The Klavierstück (played by daughter composer's Majella) is Lucifer's dream. At first he is securely in command. and calls imperiously for the music he wishes to hear (powerfully sung in Metz by the same aptly-named bass, Matthias Hölle, who took the part of Lucifer in Donnerstag): "Give me Luft Rhytmik. Wasser Melodik, Erde Harmonik." But as it progresses, and as the devil fails more and more deeply

business. The pianist con this occasion wearing a leonardspotted loetard) draws sounds Cage, Mauricio Kagel and lan- from nearly every part of the nearly every part of herself, in-Last April, I reported in these cluding her bottom - for a pages on the premiere of Stock- couple of chords, and a very sensuous little glissando — to play them. (The technique is not as new as it might seem. A few years ago, in a solo dance called More That Piano, Maedee Duprés played the piano keyboard very successfully, and still more sensuously, with her behind, it is rumoured, all the same, that Aloys Kontarsky. who has been the chief exponent

draw the line at No. XIII). At one point in the score, the pianist fires off a salvo of five toy rockels at Lucifer from a must take its place as a table beside her. When the other chapter in the larger music has finished, and Lucifer lies in his deathly trance, the pianist crosses over to him and with a contemptuous "Pfui!" premieres for the next 15 years, (left echoing in the still unboth a separate concert piece damped strings of the piano) and another episode of Licht. flicks him vi the check before

until now of Stockhausen's sequence of Klarierstücke, may

predictable) flummery seems incidental to, and not a little gauche beside, the real and striking qualities of the piano score, which lasts by itself about half an hour.

The notation is scrupulously detailed, comprehensive and exact: every sound and soundcomplex, as well as every playsi-

cal technique and visual gesture, is minutely described. The music has a marvellous directness and bouyancy-and a none of the Klarierstücke which come before. It is mercurial, a flicker of scene-changes that play like firelight about the length and breadth of the bodies of the instrument and its performer. I can imagine it, in a concert setting, sensitively done, as an unusually effective keyablye tour de force of musicalphysical co-ordination; and I look forward greatly to sceing

#### True West by MICHAEL COVENEY

(cars and horses), of myalry be-

Two brothers are minding their mother's house and its plants in a Southern Californian suburb. She has gone to Alaska. The younger son, Austin, is a

of the other's existence and the play shows how they attempt to

Sam Shepard has been exchange roles. Lee has stories that would bring producers eyes America's most fascinating con- out on staks. He dictates an the girl's number from the temporary playwright for over outline of one man chasing anoperator; and finally Mom (Patten years, rolling out startling other in a lorry across the ricia Hayes) arrives scenarios of life on the road prairie. A woman could be at Mom's plants have stake.

tween the rock generations, of really matters. the disintegration of family life in bleak mid-Western dream-scapes, and of the search for reality in the myths people live

neat and serious writer who has come through education to sell his projects to numbskull movie producers. Lee, older by about ten years, has arrived Austin filling the kitchen area the typewriter, he is as primal unannounced after a few months with toasters and, shortly after- as O'Neill's hairy ape and yet in the desert. He is filthy, drinks wards, a pile of crispy toast; Lee as sharp as an old dog learning beer, never sleeps and is full wrenches a telephone from the of wild anecdote. Each brother wall while trying to contact a matches him blow for blow has a strangely distorted view

The brute turns writer, the

writer brute. This triggers a performance explosion by Bob Hoskins as Lee and Antony Sher that rivals the real experience of his brother; Lee, trying to scenes. concentrate at the typewriter, assaults the machine with a golf club. The writing begins to ex-ferocious display of thickset pand in a series of violent animosity: stripped to the waist images: Lee's petty thieving has and dousing his upper body in been ludicrously emulated by cold beer, or beating hell out of

Mom's plants have withered fornian spick and span of Grant Hick's impeccable interior design has been uprooted by an eruption of violent rivalry that finds the sibling protagonists by. In True West, directed for as Austin. We are now told transfigured in an authentic the National Theatre by John about their father, a pathetic story of their own devising. The Schlesinger, these obsessions destitute who lost his false teeth play delves deeply into the are given a fresh and original in a bag of chop suey on a bar American consciousness, it is crawl with the younger son. For written with flair and finesse. the first time Austin has a story and is beautifully organised in nine taut and compelling

Bob Hoskins mingles prototype and character wall while trying to contact a matches him blow for blow casual girlfriend; kitchen when they shape up for the final drawers are turned out in round, but is curiously effete in kitchen when they shape up for the final

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tion (8) 9 Uncommon chap playing

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10 Renounce parent's mouthful into shop with docker (9)

19 Modern music entirely associated with sea area (7)

25 Girl has an arrangement to reach earthly paradise (7-2) 27 Victor raising game of other 18 Honour Sir has to shoulder sportsmen (6)

29 Agreement to buy a drink for youth leader (6)

30 Related how official at 22 Person objecting to babymatch made a mistake (8)

(4, 2)12 Day before daughter went

13 Sailor to return prophetic card (5) (4 Note man in leather (4) 16 Conditional release given to one very loud steward (7)

21 Offspring that should be 24 Influence strike (5)

2 Star we may come to see as good for nothing (6) 3 & 1ch people appear in short-

st eved shirt and stockings 4 Be tle gets two females to stop phoning (4, 3)

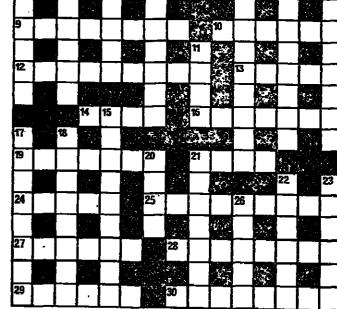
6 The most stupid at any rate 7 Hold back soldiers' practise

8 Points to those employed by enforcement officer (8) 11 Live down and up with the

15 Somewhere to live in solitary state (9) 17 Harsh words wasted on Lords' stonewaller (8)

28 Close bid about criminal (8) 20 Part of the whole statement in case (4) 21 Pinch part of harness (7)

sitter (6)



search of a pencil to take down the early scenes.

23 Lovingly united piano displayed (6) 26 Land of the living (5)

The solution to last Saturday's prize puzzle will be pub-lished with names of winners next Saturday.

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#### FINANCIAL TIMES

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Monday December 14 1981

# Last chance in Poland

THE POLISH authorities have dustrial support eastern Europlayed their last card in the pean economies will become in-16-month struggle to keep the creasingly frail. If General rousn crists a matter between Jaruzelski's objectives really Poles, General Wolciek Jaruzelsti's objectives really ski would not have imposed restoration of order, the remergency rule and arrested large portions of the leader-ship of Solidarity without Moscow's approval. Equally, the erackdown on the union can be ally as well as politically. That interpreted as a determined would be in the interests of the attempt to forestal a Soviet Polish people, which face an

Party. When Solidarity began to push for free elections, the Polish Communist Party knew that its very survival was at stake. The danger now is that hotheads in Solidarity will take the initiative after a period during which the organisation avoided outright confrontation.

#### Dire implications

When the blow fell, it was Polish forces who carried out the orders, and the orders came from Warsaw. But the implication of Sunday morning's events, however unclear much of the detail, is that if the measures fail, the Soviet Union may feel that it must take matters into its own hands. The helief that things have not yet reached that pass is shored up by some remarks made by Herr Helmut Schmidt, the West Chancellor, after his meeting with the East German political leader, Herr Erich Honecker, Herr Honecker, the Chancellor said, like himself, was alarmed by what had hap-

pened in Poland. General Jafuzelski's blow against Solidarity has dire implications for the West. It elearly cannot and must not be seen to approve what has been done, Equally, it must do all in its power to discourage Soviet intervention. That power is very limited: there is no means for direct western intervention.

three pillars: the party, Solinarmy, and the Church. The case of Mr Andrei Sakharov shows that, up to a point, Moscow

amount of economic leverage.

into Moscow's arms, economic-General Jaruzelski, no more longed industrial disruption. It than Moscow, can afford to place at the mercy of a popular vote the primacy of the Communist Party. When Solidarity began Polish defaults.

· Unless the Russians are willing to let relations with the West reach a point matching the coldest days of the Cold War. they, 100, have an interest in avoiding the worst. They know that not only Poland among their allies is in dire economic straits. The Russians themselves are reported to be look-ing for additional Western loans. It is at least possible that, indirectly, the money is intended to save Poland from utter bankruptcy.

That interest is not confined to Moscow alone. There is reason to suppose that East Germany, despite \$10bn of hard currency debts of its own, has been called upon to help Warsaw. In its exposed position on the western periphery of the Soviet bloc, the East German leadership needs to avoid chaos in Poland. East Berlin, too, must hope that yesterday's crackdown does not lead to an out-and-out fight between the Polish regime and the members

#### Responsibility

The fact that those detained in Poland include also a former Communist leader, Mr Edward Gierek, appears to imply that the party admits a degree of responsibility for the mess Poland is in, and hence wishes But the West must take every to maintain some sort of possible opportunity to make dialogue with the workers who plain to Moscow and its flocked to support Solidarity, castern European friends that That is a straw to clutch at: some Westerners abhor the attempt to hope remains that Poland will cui off Poland's progress not be plunged back into un-towards a pluralism based on mitigated authoritarianism, authoritarianism. That hope will not be realised unless the rest of the world makes plain that anyone seeking to re-impose monolithic Communist rule in Warsaw is The West also has a certain putting at risk the whole structure of East-West political and Without its financial and in- economic relations.

# Mr Whitelaw and the police

THE HOME Speretary last week what such a statute might say: gave a virtually unqualified endorsement both of the general phtlasophical thrust of Lord Searman's report on the Srixton disorders, and of almost all his specific recommendations.

On some very important issues, like changes in the complaints procedure and the introduction of new machinery for consultation between the police and the public, he is to delay detailed proposals until he has had more discussions with inter-ested bodies. But the general tone of Mr Whitelaw's speech to the Commons clearly indi-cates that we are heading for the most radical reform of policing arrangements that this country has known for a very

#### Guidelines

Perhaps the most important clements of Mr Whitelaw's speech, but the least remarked on, are those which indicate that the Home Secretary intends to play a much more assertive role in laying the ground rules for policing than he or his pre-decessors have done. In the next few months, he says, he will produce guidelines on methods of policing "which will set out the special needs of particular areas in the content of a national approach." These guidelines should represent a significant shift in the balance between the independence of chief constables and the political responsibilities of the Home Secretary; more important, they will also constitute the key to the success or failure of more

It is perhaps a pity that Mr Whitelaw has left his options so open on complaints. It would appear that he is privately determined that there be substantial reform, much along the lines of the Scarman report, but is anxious that the Home Affairs select committee should lend its weight to the formulation of de-

tailed processls. mitted himself to statutory, as opposed to voluntary, arrange—
The translation ments for local consultation law's speech into action will hetween the police and the com- take some time. But by Easter munity. Part of the reason is we should expect a concrete that the Home Office has not programme of action for a yet clarified its own mind on major reform of policing policy.

what would be the duties and powers of local committees. what role they would have in investigating and conciliating minor complaints, how they would be recruited. These uncertainties are at

this stage quite understandable. It is easy to suggest some general principles: the Home Sec-retary's general guidelines on police methods would provide a benchmark, on the basis of which local committees could report to the Home Secretary if they felt their views were unreasonably being disregarded; and at least some of the members should be drawn from local agencies, such as schools, probation service, housing, welfare and the local authority.

It is less easy to draw up a blue-print without further consultation. But it is very hard to be confident that any consultation machinery will work if it is purely voluntary, because it would be liable to break down (as it did in Brixton) in precisely those areas where consultation is most vital if public disorders are to be avoided. Only a mandatory mechanism can provide with certainty what Mr Whitelaw admits must be provided, and it would be better to get this question of principle out of the way as soon as possible.

#### Essential

The most important innovation outside the policing field is the introduction of monitoring of ethnic employment in part of the Civil Service. This may not be popular with everyone, but it is an essential first step to establish the facts about black employment. Only when we know the degree of black disadvantage will it be possible to work out what needs to be done to achieve a greater equality of opportunity.

It has been reluctance to in vestigate uncomfortable facts in It is more of a pity that the the past which led almost Home Secretary has not com-inescapably to St Paul's, Brix-

The translation of Mr White-

MARTIAL LAW IN POLAND

# The sword is unsheathed

By Anthony Robinson, East Europe Correspondent

FTER 16 tension-filled months of political and trade union struggle the tanks moved into key positions in Polish cities this weekend. But they were Polish tanks mobilised in support of a "Military Council of National Salvation' commanded by General Wojciech Jaruzekki.

His emotional broadcast speech to fellow Poles made clear this was a defensive move "for the sake of law and order." More to the point, the tanks have moved, in what was clearly a well-prepared operation, in order to prop up what has increasingly become the weakest of the three main forces in Polish life-the Polish communist party itself. The rumbling of the tanks

followed immediately after two

days of uncompromising speeches by Solidarity leaders at the free trade union's National Council meeting inside the Levin Shipyards in Gdansk, where Solidarity was born in August 1980. In the eyes of the Polish communist party, and a deeply concerned Soviet leadership, the demands made at Gdansk over the weekend for free elections. a national referendum on the future form of government and demands for access to the media clearly constituted a political challenge which could not have been

#### References to history are obligatory

ignored without totally destroying what remained of the credibility of General Jaruzel-

ski's Government.
The General spelt this out clearly in his speech to the nation. "Under the circumstances failure to act would be a crime against the nation," he said adding: "History will judge our actions.

References to history are obligatory in this deeply nationalistic and religious country whose most bitter memories are those of outside intervention by more powerful neighbours. The army, together with the Catholic Church, has a prestige which stems from its historical role as defender of national integrity and sovereignty. But, General Jaruzelski assured Poles: "We are not aiming for a military coup d'etat nor a military dictatorship." Poland is a stranger to neither. Pre-war Poland was ruled until the out-break of war in 1939 by a mili-tary dictatorship founded by Marshall Pilsudski in 1936. It was partly this weight of

history which led to Defence Minister Jaruzelski's appointment as Prime Minister in February and latterly as the first military leader of a ruling communist party on October 18.

Even before the formation of the "Military Council of National Salvation" this week-



Leaders of Poland's "three estates:" Mr Lech Walesa of Solidarity (left), the Primate, Cardinal Jozef Glemp and (right) the Prime Minister, General Wojciech Jaruzelski.

formal power in his handswhat was lacking was the greater sac ability to exercise this power of Poland. in the face of a 10m strong The hear free trade union movement and a Catholic Church with its own historic claim to authority in

Last month leaders of Poland's "three estates" — General Jaruzelski, the Primate, Cardinal Jozef Glemp and Solidarity's Lech Walesa—met for top level tripartite talks aimed at trying to work out a reasonable compromise arrangement. In the government and party view this could only mean an arrangement whereby the party and government were allowed to govern the country, to reassure Poland's neigh-bours and start to tackle the appalling economic crisis. Solidarity and the Church

apparently

end General Jaruzelski held an co-operating in the task of get-over their own members. What unprecedented concentration of sing Poland back to work and is more none has the power to persuading Poles to make even greater sacrifices in the name The heart of the problem lies

in the fact that Solidarity was neither able nor willing to accept such a formula. This is firstly due to lack of trust in the ability of the party and government to carry out its part of the bargain. Furthermore, when it came down to Stalin's famous question "how many divisions has the Pope' answer of both the Church and Solidarity could only be "a lot only the government divisions are armed.

Whatever the degree of personal trust shared between the three major leaders—and it is considerable none of the major protagonists.

dispel the post-war legacy of distrust in which the party is held by the nation at large.

The past is littered with examples of Communist leaders giving way under pressure only to claw back hard-won con-cessions and deny those radical reforms which Poles have demanded with such force on four major occasions since the Communist takeover in the wake of the Red Army advance These deep-rooted suspicions

broke out into the open again more than the Communist last month when armed militia party." Except, of course, that stormed the barracks of firemen striking for the right to civilian rather than paramilitary status.

In retrospect this was the precedent-breaking first use of force by the authorities to impose its will since the Gdansk would have been obliged to play with the partial exception of the agreements of August 1980. It essentially supporting roles by Primate, enjoy total control was the act which crystalised

the growing frustration and announced an amnesty for those increasing radicalisation within held for past political offences Solidarity. It also emboddened and at the same time attempted those hard-line critics of to leaven the arrest of General Jaruzelski within the Solidarity officials and leading party who, in communion with Soviet and other Communist by also arresting several dozen leaders, had been demanding tougher action to head-off what leaders, including former party they described as "growing secretary Edward Gierek and

Solidarity's frustration welled up to the surface during its National Council meeting in Gdansk this weekend. This in turn provided the spark which

Desperate attempt to head off an even greater tragedy

set off the decision to set in operation the pre-arranged con-tingency plan to use force. The aim appears to be the imposition of a formula in which the party and government would ensure a "leading role" for

For 16 deeply frustrating months the sword has been kept in its scabbard mainly because of the deep reluctance on all sides to contemplate a re-play of the bloody risings and repressions of previous working class revolts in 1956, 1970 and 1976. Now it has been drawn in a resperate attempt to head off an even greater tragedy armed intervention by the Soviet Union.

Whether the use of force will cause a violent protest remains to be seen. By arresting Solidarity leaders in Gdansk Warsaw and elsewhere the authorities risk leaving the field open to lesser, and possibly more extremist elements, to take over. Significantly, how-ever, the initial Soviet reaction to the calling of a state of emergency condemned "extremists" within Solidarity, and stopped short of a blanket con-

What is more Gen Jaruzelski

leaven the arrest of dissidents like Mr Jacek Ruron former Communist party his Prime Minister, Mr Piotr Jaruszewicz.

According to unconfirmed reports from Gdanck Mr Lech Walesa, Solidarity's elected leader, was not arrested along with other leaders but offered the choice of arrest or starting immediate talks with the leaders of the military government. He is reported to have outed for the letter and enterties. opted for the latter and entered into talks with Mr Stanislaw Closek, the Trade Unions Minister.

Much will now depend on the reaction of rank and file Solidarity members. One of the first reactions has been a leafier issued by Solidarity members at the Warsaw Ursus tractor plant outside the city and widely distributed in the capital. It called for a mation wide general strike from today. Dangerous as this may seem, it could also offer a ray of hope. If Solidarity members do demonstrate their continuing support for the union in this way it could increase Mr Walesa's bargainting power. This may be necessary to ensure a compromise power-sharing formula which would enable

Mr Walesa to call off strike action and retain his leadership role. The new military govern-Nobody will be more

relieved than the Soviet Union ment must be calculating that

the unions will now be prepared to settle for less under the pressure of the state of emergency. It is impossible to underestimate the isues at stake. If Poland does go over the edge towards civil war then all that may be left could be the sort of Soviet military intervention which so far the Soviet leaders have shown themselves deeply reluctant to undertake, and with good reason.

Nobody will be more relieved than the Soviet Union if a workable compromise can be achieved which gets Poland back to work while guaranteeing the leading role of the Com munit party under the guise of military government. The Soviet desire for stability in Poland is so strong that it can be expected to underpin Gen Jaruzelski with all the assist-ance it can give, including per-haps further financial help.

#### **\$24BN OF DEBT TO REPAY**

BY ALAN FRIEDMAN

THE STATE of emergency is Poland comes at a crucial stage in the Government's negotiations Western banks to reschedule \$2.4bn of commercial debt which has been falling due in the last nine months of this

Poland's total debt to the West is around \$27bb, of which \$17bn to \$18bn is awed to banks and the remainder to Western Governments. Agreement between Western bankers and Poland was reached in early October on the rescheduling of 95 per cent of the debt falling due between March 26 and December 31 of this year.

The terms of this rescheduling involve an interest rate margin of 11 per cent above the London interbank rate over seven years and the payment by Poland of an immediate 1 per cent fee for the renegotiation of the debt.

The signing of the 1981, debt rescheduling agreement, originally set for December 10, has been delayed and was to have been completed by the end of this month. The key condition agreed by a working party of six banks in Warsaw 10 days ago is that Poland must repay about \$450m of interest owed to western banks before the signing takes place. The signing, to take place in Frankfurt, would then pave the way for the rescheduling of Poland's 1982 debt to western banks.

Recent reports have suggested that Poland—whose export earnings of foreign exchange total around \$500m per month—would not be able to repay the \$450m of 1981 interest owed to banks. But the Polish Finance Ministry and western bankers. last week expressed optimism that the interest would be

Bankers said yesterday that they had been warned in Warsaw 10 days ago that "harsh measures" were going to be taken. One banker-commented: "We didn't expect this, however, and we didn't expect it so soon." The crisis in Poland, according to western bankers, could

mean, at a minimum, a further delay in the signing of the 1981 rescheduling agreement. The cut-off in communications and a pos-sible general strike could hinder seriously Poland's ability to repay interest owed as a prerequisite to debt rescheduling Western bankers are also

ncerned at the possible implications for other Eastbloc debt, which is said to total more than \$73bn.

This is needed to get Poland off the financial book on which it is impaled. It could also be one of the strongest arguments for 36m Poles to keep their heads. The alternative is almost too awful to contemplate, for everyone.

## **Men & Matters**

#### Seeing double in Swansea

Property valuation can appear at the best of times to be an imprecise science — but the chances of getting it right must be reckoned markedly higher if the surveyor concerned does not run his tape measure overthe wrong building.

One exhaust and tyre fitting centre may admittedly, look much like another, and the chances of confusion increase if two such centres are within half a mile of one another, and are occupied by the same tenant. Such was the case with two centres in Swansea, only one of which was included in a portfolio of properties owned by Tom Farmer, a property investment company which early this year was being taken over for about £1m by Crest International Securities.

As a preliminary to the takeover, a valuation survey was made of 30 such centres around



care is a pregnant silence."

the country owned by Farmer. But when the surveyors turned attentions to Swansea. something went wrong. The con-verted 19th-century two-storey building let to Automotive Products and owned by Farmer was unstaged by a nearby purposebuilt single-storey building, also let to Automotive Products but decidedly not part of the Farmer The case of mistaken identity

has only now come to light. following criticism of the Swansea valuation. Crest has taken another shufti at its property. and reckons the building which it actually owns is worth \$80,000, against the £100,000 price-tag put upon the building which it only thought it owned. The vendors of Tom Farmer are paying over the £20,000 difference, while Crest says that the error would anyway not affect its sound financial position.

#### Crying tonight

With all the cooking which has to be done over the Christmas season, you may welcome this handy kitchen hint which I have culled from the pages of a Wiltshire parish magazine. "To prevent your eyes watering when peeling onions," it advises, "dip them into boiling water for a few seconds." Good luck.

#### Gifts rapped

for the multitudinous bureaucrats of Mexico, who tend to attract in proportion to their influence large numbers of brightly-wrapped seasonal prefrom friends and admirers. President Jose Lopez Portillo

-who turned down a proferred ranch earlier this year-asked Congress to do something about the inordinate number of gifts which civil servants receive definitely the year after, bugs Congress has obliged. Civil will have been so miniaturised

servants may now accept no more than 15 presents each year from non-family donors, and no present may be worth more than 20 days salary. Since the allowance therefore adds up to roughly a year's salary, the crack-down can hardly be described as "Scrooge-like."

There is doubt as to whether

the new law will make much difference. Cynics now envisage gifts being "sold" to officials at a nominal few pesos. And well-wishers may not find it very easy to pitch their offerings within the 20-days-pay limitsince in Mexico, civil service salaries are not made public.

#### Present laughter Still on the subject of Christmas

gifts, quite the most bizarre piece of self-publicity to have come my way all year arrived in the weekend post. It is a letter from Peter A. Heims, who describes himself as a "private investigator of Leatherhead." That in itself begs enough questions. Are there also public investigators of Leatherhead? What has Leatherhead done?

Anyway, private investigator of Leatherhead is Heim's vocation, and he has chosen the festive season to launch his gloomy warning from the snow-bound south. "Businessmen," he says, "should be cantious of accepting advertising gifts, etc., as they may be a gift from an industrial spy."

Pens, ash trays, paper weights, Christmas will not be quite all the usual rubbish, "could such a festive occasion this year contain a small radio design for the multitudiness." capable of transmitting whatever is being said within ten yards of its proximity for a period of up to 72 hours, to a receiver half a mile away, i.e., in a parked car outside the office." Still more disturbing is that Heims has seen the future. and it works in an even more devilishly cunning way than the

present, as it were. . . possibly next year but that they will be small enough to be enmeshed in a thick paper and will live for ever powered by solar or daylight. When this happens then that girlle calendar on the wall will not only give rise to bawdy remarks, but will actually transmit those remarks and OTHER SECRETS to third parties surreptitiously

listening in."
You have had fair warning.
Discuss the balance sheet with that gorgeous pouting photo-gravured lovely at your peril.

#### Weight and sea

Should workers in the offshore oil industry be allowed to grow fat on North Sea profits? The Norwegian Government thinks not. And to make its feelings plain, it has banned from offshore employment anybody judged to be more than 30 per cent overweight.

Fatties of the world appalled by this latest example of weightist discrimination should rally round the ample figure of one Bjarne Smith, who helped to huild the second platform for the Statfjord field. The platform was duly towed out into the North Sea in August, Smith remained ashore. His 102 kilos —16 stone—were 12 too many for safety regulations, and his firm was obliged to lay him off even though there was a job

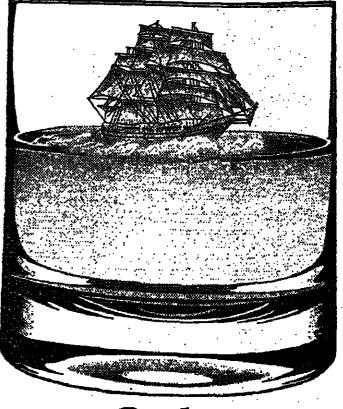
for him on the platform. Smith has been living on unemployment benefit while shaking off the surplus pounds. He not unreasonably applied for sickness benefit as well-only to be told that being overweight is not a recognised illness. He is now considering suing the Norwegian social security auth-

#### Rakish

"non compos mentis"—not gardening-minded,

Observer

# Cutty Sark Scotch Whisky



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# FINANCIAL TIMES SURVEY

Monday December 14, 1981

# Perils of easing the iron grip

BY ALAIN CASS, ASIA EDITOR

have settled over Peking, giving it an even greater air of tranquility and order than usual. Coco-Cola has arrived and Pierre Cardin is on his way. The shops are full. In Peking, as elsewhere, the Chinese are cheerfully going about their business, the exhortations of the leadership ringing in their ears.

It would be tempting to believe that the battle for the control of China is over. After all, Mao Tse-tung is dead, his widow and the rest of the Gang of Four are under lock and key and Deng Xiaoping, like some diminutive Sherlock Holmes, impassively chain smokes his way through crisis after crisis, having finally disposed of his mortal adversaries.

China's well-oiled propaganda machine, itself more subtle and plausible in keeping with the new image, is arguing that the country has finally put behind it two decades in which the Communist Party has been tearing itself apart.

A new economic policy which sweeps away some of Mao's most cherished revolutionary concepts is being implemented.

Deng is slowly taking control
of the levers of power through
a series of key appointments

Another area in which things
seem to be going Deng's way
is the economy. A number of
a series of key appointments
important challenges to Marxist and foreigners are being invited orthodoxy are under way, rangback to do business and make ing from a frontal assault on

evidence to support this view. on job allotment, pricing and In the political arena Deng marketing. If the number of

THE FIRST snows of winter hand, at least in Peking. The humiliating demotion of Hua Guofeng, Mao's chosen heir, from the exalted post of Communist Party chairman to the most junior vice-chairmanship on the Polithuro's Standing Committee, signalled a major victory for Deng last year,

subjected to the final indignity of outright dismissal may have less to do with any lingering support he may have than a desire on the part of Deng not to make the mistakes of his predecessors and arouse unnecessary opposition by moving too fast.

The triumvirate on the Politburo which has replaced men appointed by Hua as recently as 1977 — Chairman Hu Yao-bang, Prime Minister Zhao Ziyang and Chen Yun the economic strategist - are certainly Deng's men and committed to his programme.

Hua may yet be consigned to political oblivion when the 12th Congress meets, as it is expected to, next year. Only time will

the commune system to a dis-There is some circumstancial mantling of the state's monopoly appears to have matters in China's free markets are any-



The central question facing China is whether Deng Xiaoping will be allowed to push through his radical reforms or whether the bureaucracy, the army and hardliners within the Communist party will conspire to frustrate his plans.

thought that the end of ide-Mao's death in 1976—and the ology and the triumph of profit renewed interest in using was only a matter of time.

There is also the extensive devolution of power to indi-vidual enterprises and provinces to do business between themselves and, what is more to the

thing to go by it might be has tripled in dollar terms since industry and the opening up of help or a measured dose of the foreign technology to get the economy going again act as an important weather vane.

Among the most significant

the uranium sector to European market economy. experts.

All this points to a return to the pragmatic policies of the 1950s which preceded the 20 years war between China's harddecisions in this direction was liners, under the banner of Mao, the move to allow foreign oil and the pragmatists, who bepoint, with foreigners. The in-companies to participate on lieve that the country cannot There are two separate, if recrease in foreign trade—this China's strategic offshore oil prosper either without foreign lated issues here. The first is the

The question now is whether

Deng Xiaoping can push through his reforms or whether they will provoke a revolt by hardliners which his hand-picked successors will be unable to contain when he is no longer around.

strictly political issue which revolves, essentially, around the historic struggle for power and influence between the army, the bureaucraey which believes it has a dynastic mission to run China and the intelligentsia.

The second is the broader issue of whether China's traditional handicaps-nepotism. bureaucratic inertia, the absence of initiative and a rigid party structure—can give way to the kind of flexibility and drive without which reform and progress are ultimately inconceiv-

The proposition that Deng is firmly in control is widely held and probably true. But there are increasing signs of opposition to his policies, chiefly at the pro-vincial and local level.

There is evidence of unhappiness within the army, which thinks that criticism of Mao has gone too far. Education and religion are again becombattlegrounds between orthodox Maoists and those who favour a more liberal approach to both. Deng's attempts to dismantle the commune system is meeting widespread resist-

For all this nobody is ready to challenge the strong man, at least not openly. The showdown which many predict between the millions of closet Maoists and the present leadership may only come when Deng becomes too old to take matters in his own hands, and the hatred stored up since the Cultural Revolution which lurks beneath the surface can no longer be con-

Even if the Party's appetite for revenge can be kept under control. however, there are deeper problems which have to be tackled. There is the Party itself and the fear that economic reform and central control are

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The team which compiled this survey consisted of Alam Cass, Asia Editor, Colina Mac-Dougall, China specialist, and Tony Walker, Peking Corres-pondent. The team travelled extensively throughout China to see how the policies of the new leadership are being implemented. Editorial production by Catherine Editorial Darby, charts by Brana Radovic and layout by Philip Hunt.

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PROFILE: CHEN YUN

# Architect of liberal reforms

One question mark hanging over the extent of the opposition to reformist economic policies of China's leader-ship is the position of Chen Yun, one of seven Vice-Chairmen of the Politburo's Standing Committee and the architect of the move to

Since his keynote speech in December 1980 at the Centrol Work Conference, where the new policies received the final stamp of approval and the period of readjustment was extended, he has been noticeably less visible on the political company.

In contrast to 1980, when Chen's distinctive nondoctrinaire economic theories received extensive and frequest coverage in the Chinese media, 1981 has been an unremarkable year for the veteran whose career stretches back to the Slianghai labour movement of the 1920s. The Economic and Finance

Commission—set up in 1979, which Chen headed as the economics supremo of China,



Chen Yun, a long-standing advocate of some elements of the free market economy. His absence from the political scene this year is open to several interpretations

was mysteriously abelished last April without any expla-

A veteran of the Long March Chen rose to become a top planner in the 1950s. Chen was an advocate of giving China some element of the free market economy as far back as 1956. Attacked as a "capitalist-roader" during the Cultural revolution, Chen was fired in 1966 from the position of Vice-Premier and was only reinstated to the party's top hierarchy in 1978 by Deng Xiaoping as a Vice-Chairman.

Chen is 85 years old and said to be very frail. Our requests to see him were politely turned down on the groums that he was not well. Some reports say he spends much of his time working from a hospital bed.

This, and the need to streamline the decision-

making process, may account for his partial absence and

the abolition of his Commission barely two years since it was formed. On the other hand, it may

be that Chen-who has criticised past economic policy as going from "bad to worse" as a result of "mainly leftist mistakes"— has been pulled back from the front line as the battle between the reformers and the ideologues hots up.

# Perils of easing the iron grip

CONTINUED FROM PREVIOUS PAGE

ultimately incompatible. How age individuals far can you devolve power, how decisions without losing its grip same problems were not all the interpretable that constitution will be allowed to go provinces without lossening the party's control over the country? party's control over the country? The leadership is acutely they wish to do. aware of the low esteem in which the Party is held, especi-

ally by young people. The Party may have abolished starvation but not the Mandarin tradition. facts until it is too late. party
How can the Party reassert The ordinary Chinese is letter.
its authority without becoming deluged with endless and Den more involved in people's lives? becoming less involved?

The iron grip of totalitarian ance but all too other unity serve ism, and traditional Chinese is substitutes for action.

Getting a Chinese official to economic decisions are no badly needed reforms go an economic infrastructure of costs low induces cripping been useful tools used by the admit that not all of China's independent of the conomic infrastructure of costs low induces cripping been useful tools used by the admit that not all of China's independent on the conomic infrastructure of costs low induces cripping and economic infrastructure of costs low induces cripping in the conomic infrastructure of costs low induces cripping and economic infrastructure of costs low induces cripping in the conomic infrastructure of costs low induces cripping and economic infrastructure of costs low induces cripping and economic infrastructure of costs low induces cripping in the conomic infrastructure of costs low induces cripping and economic infrastructure of costs l

Party's inability to face up to

The iron grip of totalitarian- ance but all too often only serve

to take same official to admit that those incompetence.

The other problem which things as all good or all bad some officials are beginning to would be no obstacle to progress reasse must be tackled is the if it did not impinge on real life. But, understandably, the party line is applied to the

Deng Xiaoping has made a bemusing campaign slogans start on these problems. Increas-How can it free the economy, — "the five stresses, the three ingly officials in Peking at the on the other hand, without antis, the four modernisations." higher levels portray a realism These are meant to give guid- uncommon for traditional Chinese burgaucrats. There is

were expelled from the Party or simply driven to despair during the witch hunts of the Cultural Revolution are slowly being rehabilitated. Officials insist that those who stand in the way of the new policy will targets of Party discipline. This may imply yet another whole-sale purge though, at the moment, there is no sign of this

happening. Whether

#### Lconomy

# Negotiating the hurdles to sustained growth

Wohan, a cavernous concrete edifice on three wast floors, is tiving proof that China's "readjustment" policy is beginning to work. Hordes of workers and their families surge in and out to consume huge platefuls of tripe and other specialités de la maison. On the pavements outside, the tattered tea stails do a roaring trade. The stores down the road are selling everything from face cream and hair curlers to bicycles and Japanese

television sets. After 30 years of socialism and inordinate stress on heavy industry. Deng Kiaoping and his economic think tank concluded in 1979 that the Chinese consumer needed a break.

The "readjustment" policy—a switch of resources into agriculture and light industry, laced with a measured dose of the free market economy was designed to meet this need.

The post-Mao leadership also isonched a programme of radi-cal reform simed at streamtaining the decision-making process by giving more power to the provinces and individual enterprises. This controversial measure has met considerable opposition from China's bureaucrats who believe it will whitele away the power of the Com-munist Party. Nevertheless, the reform programme is being rothlessly implemented, with limited success in some areas.

There have been other successes. Agricultural output has increased despite this year's floods and drought. Light in-dustry's growth has risen by 12 per cent. One of the most impressive sights in China today - in contrast to previous visits and, indeed, to Eastern Europe—is the endles stream of shoppers filling their baskets.

China has come a long way since 1949. People no longer starve on the streets. There is the Government pays to keep an economic infrastructure of costs low induces crippling an economic intrastructive to sorts. It is also easy to forget wastefulness and distorts results that during the turbulent years by making enterprises appear

universities. But, since Mao died in 1976, the Chinese have begun, though with three false starts, to move again in the right

The leadership in Peking seems to have grasped that modernisation is not an overnight 'process. Realism has begun to creep into the think-ing of senior Chinese bureau-

#### Problems

At the National People's Congress Premier Zhao Zyang indicated it would take the next 20 years to set China off on the path to real development. Over the past two years China's leaders have become increasingly aware of the deep-seated problems which stand in the way of sustained economic

Although the most important need is for a coherent economic strategy, there are a number of specific areas which the Chinese are beginning to tackle. These include:

 Population control. The apparent success of China's crucial birth control, which has reduced the growth in population to around 1.2 per cent a year, may be threatened by the new economic policies. Finan-cial penalties aimed at deterring families form having more than one child are becoming less of a worry as real incomes rise under liberalisation.

#### Inflation

 Prices and inflation. The present pricing structure in China. ranging materials through to the pricing of labour, land and marketing, is wholly unrealistic and does not reflect the true costs of production. The leadership is only just beginning to understand that the huge subsidies A revision of prices to accord

Bank in its report on China, but it recognises the enormous difficulty of doing so. Real economic reform will be impossible with-out it, but the complexities of coping with the consequences of

coping with the charges may be beyond Chinese capacity at this time.

Double-digit inflation has already hit China. Peking contained this with a cut in budget expenditure this year but the consequences were unpleasant. Output of heavy industry fell by at least 5 per cent an outcome which not only reduced revenue but slowed all-round economic

• Energy. One factor which may inhibit sustained growth is the deterioration of the outlook for domestic energy production. Oil output, currently running at 106m tons a year, may fall by about 5 per cent by the middle of this decade. The offshore exploration programme will undoubtedly help but recent claims that China will not, as the World Bank predicts, become a net importer of crude by 1990, are not wholly con-

Coal output also dropped in 1980—and the prospects are not good for 1981. A high priority is being given to this sector which contributes about 70 per cent of total commercial energy and massive investment will be required if energy production as a whole is to grow by much more than 2 per cent a year. • Foreign technology. The historic debate about self reliance and the need for foreign help is still simmering. Although this has been partially resolved in favour of a limited programme of foreign imports, growth in key sectors will depend on how far the Chinese are prepared to carry this policy.

• Foreign borrowing Chinese officials are current debating how much foreign borrowing Peking should commit itself in order to finance its investment programme. Commercial boxrowing is likely to remain a very small part of this strategy, al-though some Chinese now see

engineer graduated from China's more with reality was strongly the benefit of borrowing at Com-universities. But since Mao died recommended by the World mercial rates for an enterprise that will be sufficiently profit-able. This is still being widely resisted.

#### Borrowing

There is also some resistance to borrowing from multilateral organisations such as the International Monetary Fund because it means that China will have to agree to conditions which infringe on their sovereign rights. What they prefer is bilateral development loans at minimal interest, though so far only the Japanese have provided these

in any meaningful way.

• Unemployment: For the first time ever Chinese officials are beginning to talk realistically about unemployment ivo the number of people out of work-or "waiting for a job" as the Chinese call it-but it is probably in excess of 15m. Over manning is endemic in Chinese industry.

In a recent and penhase his-toric decision the leadership conceded the right to organs other than the state to employ people. China's new tree markets and the collectively run shops and restaurants which have mushroomed in the last 18 months may be the most prac-tical way out of a crisis which could explode into social corest at any time.

This prospect was been averted for the time being. The general population is better off and happier under the new policies; of that there is little doubt. But generating consumer goods in the cities and putting more money into the peasants' pockets is not a substitute for a longterm economic strategy.

Chou Enlai's dream of China in the forefront of the industrialised nations by the year 2000 has already emporated. In achieving even the first stages towards this goal China will have to overcome some formidable burdles.

Alain Cass and Colina MacDougal

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# an end to the issuing of blind orders'

PROFILE: XU DIXIN

'We must put

Xu Dixin has been jalled twice in his life. Once in 1937, when the Chinese Nationalists clapped him in from and once in 1967 by Jiang Qing, Mao's widow. On that occasion Xu, his wife and children, were placed in solitary confinement for five

"I was lucky," he says.
"I'm the fish that slipped the
net. Many of my friends died
in jail. Many were tortured
and have become disabled." Xu (pronounced Shu) is one of China's most influen-tial economists. He has the ear and enjoys the protection of China's strong man, Deng Xiaoping. As a vice-president of the influential Academy of Social Sciences, the leadership's think-tank, he forms part of a small group of important but iso-lated liberal Marxists who advocate radical reform, incentives and a measured dose of the free market for China's alling economy.

#### Target

His ideas threaten the power of China's entrenched bureaucracy and could—if fully implemented—ultimately weaken the hold of the Communist Party. Which is why Xu, like his mentor Chen Yun who is on the allpowerful seven-man Standing Committee of the Politbure, was a prime target during the Cultural Revolution and would undoubtedly suffer the same fate if a power struggle erupted again. Xu openly advocates the effective end of China's agricultural commune, a sacred institution under Mao and still the basic unit in the countryside, as the only way of boosting production and satisfying the rising aspira-tions of the country's 800m

"We must put an end to the issuing of blind orders to the peasants by eadres who know nothing of agriculture. Under the present system the commune takes from the brigade which takes from the sant who has nothing left," he says.

In a phrase calculated to raise the hackles of closet Maoists he describes communisation as an "ill-wind." But he concedes that there are major obstacles to this kind of sweeping reform. "The majority of cadres in the countryside do not agree on this point. They fear a loss of power. Only a few communes have changed. It

will take a long time." Xu advocates sweeping devolution of powers to China's individual enterprises to find markets, fixed prices and sell their goods. He also wants to penalise fuel-inefficient industries in an attempt to cure one of Chinese industry's chronic Chinese problems. He proposed closing loss-making factories and fining persistently bed workers. "But that, too, will

take time," he concedes. Xu's radicalism has its limits. Like most Chinese economists he opposes deficit financing and heavy foreign borrowing economic growth.

Xu is now 75. He joined the Communists in 1926 and the years of struggle have left their mark. He studied literature at Canton's Sun Ya tsen University. "I wanted to be a writer," he says wistfully. "My heroes says wistfully. "My heroes were H. G. Wells and Ber-nard Shaw." In some respects old timers like Xu and Chen

Yun, whose Maoist credentials go back to the Long March, are reassuring to the old guard who oppose his ideas. Asked if he thought a hard-line backlash of the type which sparked the near civil war of the Cultural Revolution was still possible, Xu smiled and said, time should be gone forever. But we are dealing with a social not a natural science so we can't really say."

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The vast mausoleum built in Peking's Tienanmen square (The Gate of Heavenly Peace) to house Mao Tse-tung's remains has been closed to the public. VIP visits can be arranged by special request but these are discouraged as the new leadership fights to stamp out the personality cult

#### **Politics**

# Spectre of a purge raised to tighten party control

AS THE year draws to a close, the process of party reform and Hu Yaobang, another Deng it is clear that Deng Xiaoping, holding up attempts by the protege.

China's seemingly ageless polipowerful vice-chairman to Earlier in the year the messy. it is clear that Deng Xiaoping. China's seemingly ageless poli-tical warhorse has embarked on yet another campaign.

The redoubtable Mr Deng, now in his 78th year, has in his sights the legions of time-serving Chinese bureaucrats, many of them Communist party members, whom he believes to be sabotaging China's modernisation drive, either through passive resistance or active opposi- delayed again.

If there was any doubt about Mr Deng's intentions, it was Deng, warning against official dispelled at this month's corruption and footdragging. National People's Congress when his protege, Zhao Ziyang, the Premier, trenchantly criticised buresucratic inertia, claiming it was a serious obstacle to China's modernisation.

Mr Zhao talked of a "bloated" ineptitude, and made it clear an that done. China's sprawling bureaucracy has a well-earned reputation for defying attempts

to interfere in its activities. The attacks on "bureaucratism" are only part of the story. though. Mr Deng and his sup-porters have in mind a bigger the party and, through it, the

machinery of government; Manoeuvres towards that end are intensifying as the Chinese Communist Parly prepares for a congress to be held some-time next year. It will be at the congress that the Dengist faction in the leadership no doubt hope to see swept away a number of those in the central committee who, if not actively opposed to present policies, could be described as

#### Saddled

It is sometimes forgotten that even though Mr Deng appears to be in a pre-eminent position, he is saddled with a central committee "elected" before he started asserting his authority in 1978 after his rehabilitation the previous year. Many Central Committee mem-bers came to positions of prominence during the Cultural Revolution when Mr Deng himself was one of the first senior party officials purged.

.A sometimes resistant Cen-Committee has almost certainly acted as a brake on Mr Deng's ambitions, slowing

We also export:

shuffle opponents out of the

Two articles published recently by Red Flag, the Communist Party's theoretical journal, effectively laid down battle lines for the long run-up to the party congress which has been delayed several times already and will probably be

One Red Flag article drew heavily on quotations by Mr corruption and foot-dragging. The threat of a purge against party opponents was implicit in both articles, if they did not toe the line.

"In dealing with those comrades who are engaged in bureaucracy, of corruption and practising unsavoury frends, it can be said that our party has attempt would be made to get already shown the uniost rid of these considered out of step with present policies. Of some people simply do not take course, all this is easier said heed ... and persist in their old ways, discarding party regulations and laws to the back of their minds. All party members are equal before the party constitution and party discipline, declared Red Flag, and just in case the point was missed it quoted Mr Deng as saying: "Nobody can act in violation of the party constitution and party discipline. Anyone who does so will be subject to disciplinary punishment."

Mr Deng is already on record saying that many among China's 38m party members are not up to standard." This is hardly a revelation, but how to get rid of those who, in Mr Deng's estimation, are "not up to standard" is something the moderates in the leadership don't appear to have come to

grips with.
The Dengists presumably would wish to avoid at all costs a bitter confrontation which may have the effect of destabilising a party only recently emerged from the trauma of the 11 years of chaos between 1966 and 1976. Yet a confrontation of sorts may be the result of the present campaign.

Looking back over the year's events, Mr Deng and the moderates can be reasonably satisfied with the way things have turned out. A Central Committee meeting in the middle of the year put the seal formally on the demise of the Mao-appointed Hua Guofeng who was forced to vacate the Party chairmanship in favour of

MADE IN CHINA

**GUANGDONG LEATHER GARMENTS** 

Gang of Four trial, with all it implied for judgments of the late chairman, was finally got out of the way. Added to these political "achievements" has een the apparent good showing of the Chinese economy, especially the agriculture sector despite a series of natural

Reasonable success for new, more pragmatic economic poli- Peking in 1978. cies has undoubtedly given Mr Deng and his supporters some breatting space. If the economy had not picked up it is doubtful if Mr Zbao would have quite so strongly criticised uncooperative officials.

#### Question mark

The army still remains a big question mark in Chinese political terms. It gave every sign of being very restless indeed in the first six months of the year, voicing its unhappiness in a variety of ways, most particularly in its criticism of what it perceived to be liberal trends

This agitation died down in the wake of the mid-year Central Committee meeting, the socalled Sixth Plenum, when Mr Deng himself took over the powerful position of chairman of the military commission. Yet, the army remains unpredictable in its loyalties and a potential source of trouble for Mr Deng's successors.

It is difficult to see the People's Liberation Army tolerating, for too long, a downgrading of its political status. The army, of course, finds natural allies among those party officials most apprenhensive about the activities of the reformers.

A feature of the latter part

of this year has been the attacks on what the Chinese describe as "Bourgeois liberalism." This has sent a chill wind gusting through intellectual and artistic circles as it conjures up visions of a past where most forms of individual expression crushed.

The anti-bourgeois liberalism campaign appears to have been used as a pretext for a general tightening up in society. One of the casualties of the campaign has been China's flickering dissi dent movement. Almost all activists have been rounded up and their publications closed down in a systematic sweep over

There is no doubt the authorities are intent-on enforcing stricter discipline in society, and this in turn is having a spin-off effect for foreigners living in China who are now finding contact with Chinese more difficult than before.

Prospects for next year are for more of the same. Political manoeuvring between the Den gists and their opponents will continue and probably intensify as the party congress approaches. A sometimes neglected battlefield in factional politics, the provinces, will assume considerable importance as they hold elections for their own congresses which will, in turn, select representatives for the national congress at which a new Central Committee will

be appointed. Mr Deng remains the key to future political developments. An indication of outside perceptions of his importance in the present Chinese scheme of things is the case earlier this year when rumours he had suffered a heart attack caused the Hong Kong stock market a bad attack of the jitters.

A similar reaction could be expected from many Chinese if Mr. Deng really were to suffer some mishap. A question asked here frequently is what would happen if the soluagenerian Mr Deng was to suddenly depart the scene? "I think there would be a tremendous vacuum." said one experienced diplomat recently, "and wouldn't care to predict what would bappen.'

Tony Walker

#### Foreign Policy

# Bumpy road to friendship with U.S.

THERE WAS a time, in the many of whom personally so. For a start the ideological beyond their borders. They the Communist Party, meant it, too.

xenophobia was a useful sub-

Times have changed, however. Deng Xiaoping is in power, China is, reluctantly, opening the door to outside influence and the United States has inevitably become the focus of the new foreign policy.

Chinese foreign policy is now almost wholly devoted to consolidating what officials call a strategic relationship with the Americans. This is partly a function of China's persistent fear of the "Russian bear" and his long-term intentions and partly a belief that the success of China's economic reform will depend on Western expertise and technology.

Taiwan, however, has loomed as an unwelcome hurdle in this direction. The Chinese regard President Reagan's early insistence on making an issue of America's support for the remnants of the Kuomintang regime in Taipei as inept unnecessary.

The U.S. argues that its right to sell arms to Taiwan was enshrined in President Carter's Taiwan Relations Act and implicit in the understanding reached at the time of normalisation of relations reached Washington

Taiwan is above all else an emotional issue for It bites deep into Chinese. veteran leadership,

early 1979s, when the Chinese recall the bitter civil war which barriers to reconciliation have used to say that they didn't ended in 1949 in defeat for been pulled down now that much care what happened Chiang Kai-shek and victory for China has switched to its own

Chinese threats to take They were preoccupied with severe retaliatory action arguments for calling off the unthe Cultural Revolution. Mao against the U.S. should Wash- declared state of war between Tse-tung and the Gang of Four ington sell advanced weapons the two communist superwere fighting a relentless power to Taiwan are real enough, But powers. China has over 250,000 battle with China's small band it is a crisis in relations which men of pragmatists. Institutionalised China would much rather avoid, northern borders at a time when

stitute for a principled foreign Chinese is not the sale of a policy.

Chinese is not the sale of a principled foreign chinese is not the sale of a policy. craft to Taiwan but the symbolism of such a sale. There is a suspicion in Peking that this would foreshadow the revival of a two-China policy and that the U.S. may be wavering in its commitment to Peking,

#### Arms package

Supporters of Taiwan in Washington argue that Peking is now irrevocably committed a pro-American policy opposition to the Soviet Union. And whatever arms package for Taiwan is finally agreed, the Chinese will swallow their pride even if they make a symbolic gesture of disapproval such as downgrading representation in Washington.

This may turn out to be the case. But Chinese foreign policy is based on expediency. China's fundamental concern remains its own security and the tiff over Taiwan inevitably raise a question mark over the future direction of this policy.

An eventual reconciliation with the Soviet Union is not beyond the bounds of possibility. There is some evidence to suggest that this is the direction Chinese foreign policy was moving towards before the Russians invaded Afghanistan in 1979—an act of aggression that put paid to any plans the Chinese may have had.

But this may not always be

version " revisionism"!

There are powerful economic What really worries the the leadership is preoccupied of two decades of power struggles and economic mis-

when it comes down to it. ideological soul mates. These and the bureaucracy, have somesympathy for.

None of this argues for an imminent reconciliation. The Chinese may agree to resume border talks with the Soviet Union — these may even lead to a limited amount of local chances of a lasting improvement in relations between Moscow and Peking remain slim for the time being. The presence of 200,000

Vietnamese troops in Kampustumbling block. The conventional view in Peking remains. hegemony while the Soviet Vietnam's regional hegemony."

states: the Soviet Union, Afghanistan, India, Laos and Vietnam. There are some

management. China and the Soviet Union are huge potential markets for each other. They both have are arguments which a small but significant number of Chinese, notably in the army

Russian money, is an important as one senior official put it that "Vietnam serves the interests of the Soviet Union's global

present all-or-nothing policy, however, has left China virtually surrounded by hostile Russia.

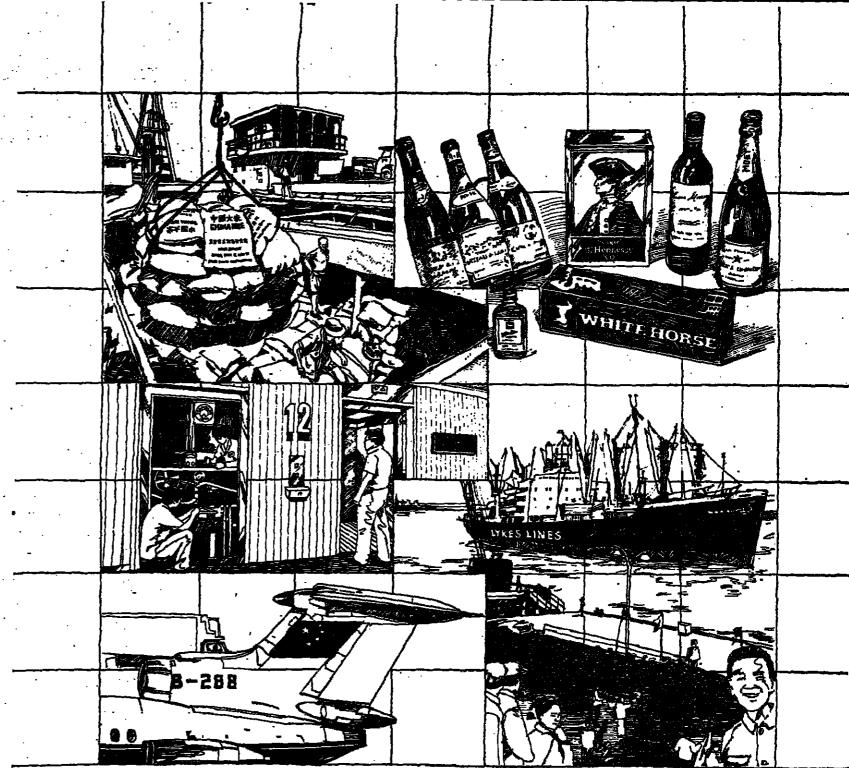


Army troops climb a snow-covered mountain in Xinpang province which borders the Soviet Union. China's current foreign policy has left it almost surrounded by hostile states

differences of opinion within doubt is whether, when the China on whether the Soviet Chinese Union represents a threat to the U.S., they mean it and Peking at all. As recently as whether such a relationship last June a major article on excludes a more even-handed Sino-Soviet border relations arrangement with the Soviet called for a new pact with Union.

"strategic" relati

The question which is open to



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careful study, Marubeni proposed to supply everything from blueprints to machines to training for the Indonesian engineers who would operate the plant. But that still left the question of where to find the \$32 million the plant would cost. With Marubeni acting as guarantor, a major Japanese bank organized a consortium to finance the project. The result: a new industry. new jobs and new prosperity in Indonesia.

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# Success measured by profits

industry in the past. Now the money has to go to light industry and agriculture."

The comfortable and spacious Ministry headquarters in Peking ls no longer the setting for bil-lion dollar investments decisions, but a strong lobby is again pushing for renewed spending on selected large pro-jects.

"We've got to develop heavy industry to have a sound basis for light industry," argued Mc Ling. "We don't need a dras-Ling. "We don't need a dras-tic change but we do need new facilities to produce finished steel."

At the 2.7m-ton capacity Wuhan Iron and Steel works, wunan iron and Steel works, still overshadowed by a larger-than-life statue of Chairman Mao outside, the director of the reception office, Mr Chuang Yuyung, echoed Mr Ling's views.

"We've asked the State for \$58m to renovate our open hearth furnaces," he said. Then we'd have enough crude steel to supply our rolling mall and strip mill. We may get it because our products go to light industry—we supply a quarter of all the rolled steel used in the bicycle industry."

#### Dim view

Mr Chuang took a dim view of

they still built another plant at Baoshan. I think we should have expanded Wuhan before building Baoshan."

Wuhan, too, is a classic example of the flaws in Chinese planning. No one calculated in advance the power needs of the West German-supplied cold rolling mill and the Japanese hot strip mill, which Japanese hot strip mill, which far outran anything the local grid could supply. Mr Chuang conceded that the plant was still very short of power strill very short of power strill was control of the control of power strill very short of power strilled the operation of curtailed the curtai still very short of power.

ment has told us the problem can be solved when the province is linked to the Honan grid and the Gezhouba scheme on the Yangste is working."

Wuhan also illustrates the problems of absorbing foreign

"WE'RE THE target of readjustment," said Mr Ling Hua, Metallurgy Vice-Minister ruefully.
"Metahlurgy has the lowest day spells for "renovation."

None of the 100,000 workers sell 3m tons at \$23 or \$29 a

soll 3m tons at \$23 or \$20 a

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soll 3m Metallurgy has the lowest day spells for Tenovation. repairing steel.

Metallurgy has the lowest day spells for Tenovation. repairing steel.

Foreign engineers at the site making steel.

At the 1.8m-ton Shoudu steel works outside Peking, readjust-

engineers have returned to com-mission the plant after a trial operation last year, is facing labour problems. "How can you modern managements methods here, when you're sur-rounded by Chinese-run work-

It will take up to five years to get them into full production. But they are doing the best they can. This year our planned out-put from the hot strip mill is 1.2m tons, and we hope to up it 1.3m. The plan for the cold roll-ing mill is 400,000 tons, and we hope to get 450,000 tons," said Mr Chuang

This plan makes sense under light industries, and a market is and trying to improve the

Before, the company simply handed over its products to the state. Now it can sell to par-ticular industries: shipbuilding, for example. "Our steel plates have been approved by Lloyd's research institute," said Mr

Chuang proudly.

Profits are the criteria of sucthe huge sums spent on the steel plant at Baoshan; famous for its planning failures. "Some of the criticism is correct," he said. "Sometimes people make mistakes through bad planning mistakes through bad planning.

factory is not working factory is not working the old working over just 50 per cent of the expected \$235m profit. Last year they made

say me uninese are encounter. At the 1.8m-ton Shoudu steel all our customers. We can't set the price, though; as a raw works outside Peking, readjusting problems with it.

The Scholemann-Siemag cold works outside Peking, readjusting the price, though; as a raw material that's still fixed by the state.

The Scholemann-Siemag cold works outside Peking, readjusting the price, though; as a raw material that's still fixed by the state.

The Scholemann-Siemag cold works outside Peking, readjusting the price, though; as a raw material that's still fixed by the state. could not see any of the work-shops as they were "closed for renovation." British Steel did a feasibility study on modernisa-tion in 1979, but its proposals were rejected as too expensive.

Shoudu workers are going ahead on their own, but slowly. Both foreign-supplied plants In time they hope to get techni-are working at 45 per cent cal help from new plants like capacity or less, Mr Chuang said. Baoshan.

Mr Gao Jianzia, the Shoudu foreign affairs office vice-director, looked at us beningly as he pulled his flowered notebook from his pocket to give us a "brief introduction." "We want to increase output and income, he said. We have to save energy and raw materials without re-China's new "responsibility and raw materials without resystem." Finished steel is needed by rapidly expanding making different types of steel

quality. We have to save energy and raw materials without reducing workers' hours. We've cut our consumption of coking coal and stepped up our output of alloy steel which gets a better price than carbon steel.

"Now we're improving our management. Last year we pro-duced our first independent balance sheet. Output value rose by 12 per cent last year. This year, because of readjustment, it's going to drop by 9 per cent. We really have to look hard for

ore. We own our own mine in broduct," he said. We can ask Heibei province. We reckon to our plants to produce appro-

None of the 100,000 workers sell 3m tons at \$23 or \$29 a

what we hand over adds up to nearly 60 per cent of profits. If we borrow working capital we have to pay 5 per cent interest on it.

"We've only closed a few workshops, in spite of readjust-ment. But we've cut the capital construction department and reassigned the men. Now we've got a woodworking shop and a washing machine factory. We haven't had to sack anyone (though we might for discipline problems—we have an absence rate of 6 per cent)."

rate of 6 per cent).

If Shoudu did cut the workforce, it would belp to solve
its expenditure problems. The
workforce is 30,000, compared
with 5,000 at British Steel's
Ravenscraig plant which, at 2m tons annual capacity, is roughly the same size.

. Both Mr Gao and Mr Chuang liked the new freedoms under the economic reform policy. "Now we have to consider our customers," said Mr Chuang.

customers," said Mr Chuang.

Mr Gao put in a plea for handling their own exports at Shoudu. These are currently monopolised by the Foreign Trade Ministry. This will change, however. Vice Minister Ling told us that next year a new corporation set up by the Machillurgical Ministry would Metallurgical Ministry would handle all exports of ferrous metals.

The integration of industry port. ways to get a rise in profits.

"The integration of integration of



Outside Wuhan steelworks: one of the few giant statues of Mao left in China

priately for the world market." That will be one step forward in rationalising the current case-

bersome hureaucracy.

"At present, Shoudn pays its profits to Peking, and Anshan (the huge steelworks in the north-east) to Lianning pro-pince," said Mr Ling. "We set vince," said Mr Ling. the output target, but the province sets the profit quota. We don't want two mothers-in-law,

say the enterprises.
"The industry ministries are only allowed to sell through the Commerce Ministry, but the Ministry of Finance is after the profits. Provinces want to use profits. Provinces want to use their electric power one way, the plants run by the ministries want it another. The Wuhan Steel Company fights with the Agricultural Ministry over trans-

C. MacD.

prises to engage in conserva-tion. China's economic planners

Like coal, oil production in

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# Under threat of a power crisis AT THE giant Wuhan steel virtually no reserve peaking the Cultural Revolution it took been little incentive to invest

inergy

power shortages until recently ment, ultimately resulting in curtailed the operation of higher replacement costs," the expensive new plant and equip-Another generating set has been installed at an old power station nearby, he said, and this station nearby, he said, and this at much more than 20 per cent

This is a familiar story enterprises battle to keep up productivity in the face of chronic power shortages.

The Energy Bureau of the State Economic Commission recently released a devastating critique of China's power supply operations. It said that, although China ranked fourth in the world in energy production, inefficient use had caused serious shortages.

The Energy Bureau said candidly that China's energy production-equivalent to 620m tons of coal a year—had not met the needs of the national economy. It blamed the induseconomy. It blamed the industrial sector's high consumption of energy, coupled with low efficiency, poor administration, and backward equipment and technology, for this state of affairs.

China is caught in an energy squeeze, falling oil production, increasing demand for all forms of energy and an antiquated system of power generation make this one of the real bottle-necks of China's drive for

Energy shortages will act as a brake on the modernisation effort for the rest of this century and well into next, un-less the Chinese make mas-sive investment in the energy sector. As prospects for such investment are bleak under present circumstances, China will have to live, for the time being, with all the problems associated with inadequate and unreliable power supplies.

#### Shortages

The World Bank, in its recent report on the Chinese economy, identified energy shortages as one of the biggest problems facing China's economic managers and says China could become a net oil importer by 1990. Planning blunders in the past in the energy sector mean China is ill-equipped to meet targeted levels of growth in the years ahead.

The World Bank warned that if China was going to maintain growth rates of 5-6 per cent over the next 10 years it risks a serious shortfall in energy

China's economic planners would need little reminding of the difficulties caused by power shortages. While problems at the Baoshan steel plant have overshadowed other planning flascos in China recently, the Wuhan steelworks is not far behind. Officials at Wuhan now insist the problem has been overcome but, even so, power supplies for the steelworks are undoubtedly stretched to the

A report prepared recently by the energy committee of the American Chamber of Commerce (Amcham) points out that in the country's largest power system (Peking Tianjin-Tangshan), the "load factor" is a very high 93 per cent, compared with an average 43-57 per cent in most Western countries.

capacities and, over time, this will bring about the rapid deterioration of plant and equip-

The World Bank, in its report, points out that if China is to make the best use of its limited available resources it will have to improve throughout China where many its conservation efforts dramatically. The Chinese appreciate this and have embarked on a conservation programme for they are claiming which

The true test of Chinese

Growth Rate 

efforts at conservation will come in the mid-1980s when even more pressure will be applied

to scarce energy resources,

although China can perhaps draw some consolation from the

fact that their efficiency rating in energy use is so low there is plenty of room for improve-

For example, China uses an

average 434 grams of standard coal equivalent to produce 1 kw

of electric power—30 per cent more than industrialised

countries. About 1,360 kg of standard fuel units are needed

to refine one ton of steel in

China, 70 per cent higher than

China aims this year to re-

duce coal and coke consumption by some 25m tons (11m tons of

standard coal were saved last

year), petroleum products by

China will have to keep up

this rigorous retrenchment in

energy use if it is to match

supplies with expected growth

in demand. Penalties for the con-

servation programme falling

short of target will be very

severe-indeed, leading to high levels of oil imports and a

serious drain on foreign

have been helped somewhat by

the scaling-down of heavy

industry activity. However, with the pendulum swinging

back towards the heavy indus-

trial sector, this can only add

to pressure on the power supply

energy sector are exemplified

by figures published in the

American Chamber of Com-

merce report which show that

investment needed to mine one

ton of coal during the fourth five-year plan (1971-75) was 100

per cent greater than the first

five-year plan (1953-57). It is

Inefficiencies in

This means that China has also pointed out that before

China's efforts at conservation

exchange reserves.

4.5m tons and electric

industrialised countries.

power by 7bn kw hours.

two to four years to build a in new mines or renovate old coal pit with a 600,000-900,000 ones, and still less for entertons capacity. Now, four to seven years are needed. Another severe problem for recognise the problem created

China's energy sector is transportation. Railways and ports simply cannot cope with the demands placed on them. The supply system is inadequate, particularly as coal accounts particularly as coal accounts. supply system is inadequate, preventing China making more efficient use of its abundant coal reserves. China has the largest verified

coal deposits in the world, amounting to some 41bn tons. More than half these deposits are in the north, where the

Consumption

[Per Person]

quality of the coal is higher and more easily accessible than deposits in the south. However,

given existing transport bottle-

necks, it is almost impossible to move coal in large quantities

Inefficiencies in the coal

industry itself and inadequate transport facilities mean that

China is missing out on the benefits that would flow from a

rich export market close at hand. Japan is a potentially

enormous market for Chinese coal, but it will be many years before China is able to take

advantage of the Japanese

It is one of the ironies of

China's modernisation drive

that just at a time when it

needs abundant supplies of energy, production in two key

sectors is dropping. Coal production dropped last year to

606m tons compared with 635m

tons in 1979, a decrease of 4.6

per cent. Ambitious plans to

increase output to \$00-900m

tons by the mid-1980s have

been shelved

of 1911

by Wu Yuzheng

from north to south.

the past several years has been disappointing and will continue to be so for much of the rest of this decade. China's oil output increased to a little more than 106m tons in 1979, but began to drop back last year. The prospect is for a 10 per cent reduction in output through the mid-1980s. There is almost no Kg of coal equivalent 700 way China can avoid a squeeze on its petroleum supplies, with all that implies. Much has been written about 500

for about /U per

energy consumption.

China's potential as an oil producer. Some wild predictions have been made over the years about the looming Chinese oil bonanza. The international oil industry and the Chinese themselves are now more cautions selves are now more cautions about prospects. One of the reasons for this is the time it has taken to surger sections of the Yellow and South China Seas where prospects are promising. Apparent bureautratic inertia has led to further delays in drawing to requisitent sover in drawing up regulations gov-erning oil search and for bids to be called for exploration in

#### offshore areas. Prospects

There is now little prospect of offshore oil in large quantities coming onstream much before the late 1980s, not soon enough to ease China's domestic oil supply situation.

Long-term prospects for China becoming an important oil producer and exporter are good, although improvements in living standards in a country of 1,000m people will inevitably place an increasing demand on oil produced, squeezing the amounts available for export.

One area of untapped poten-tial is hydro-power. China is presently utilising less than 4 per cent of its water resources for power generation. The Chinese have ambitious plens to build a series of large hydroelectric plants hooked up to the beginnings of a national power grid, but here again enormous investment is required and pro-

gress will be slow. There are a number of reasons for the poor performance of the coal sector over the past few years. One is inadequate planning, left over Given all the problems confronting China in the energy sector, it is not being alarmist to suggest that the Chinese will from the years of chaos between 1966-76. Another is the be doing well to avoid an energy fact that, because of the low

supply crisis in the 1980s. fixed price of coal, there has

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Seventy-year-old woman working in a tomato field in Hsue hang commune, near Shanghai

#### Agriculture

# Output up come flood or drought

GASTRONOMIC TREATS like had wiped out crops and food eel and turtle may not have stocks. While the drought still much to do with agriculture but continues, timely salvage operafish, pork, fruit and vegetables and a better harvest elsewhere in China's bustling 'street in China make a further appeal markets testifies to the success unlikely. of Peking's reform of food promoney to buy—and many urban it was a year or two ago.

 $C. \setminus [x]$ 

Away from the towns the staple up better than last year's. —and often the only—diet is grain, or the local equivalent, some form of root vegetable. In this context, the success or failure of the grain harvest is a matter of survival. The batter-ing China took this year from drought and floods could have caused catastrophe. A rise instead to somewhere near the record 332m tons of 1979 must be a massive relief to the Chinese leadership.

Premier Zhao Ziyang told the National People's Congress that the 1981 grain harvest would be the second largest ever, while, among other crops cotton output was up and sugar and oilseeds rocketed by 10 per cent and 17 per cent respectively.

predictions that this year's farm output would rise above last year's, regardless of the erratic

While output figures for agriculture are never likely to be strictly accurate because of different provinces during the year suggests that the upward trend is correct.

In 1980, conditions were so bad that the Chinese appealed to the UN for aid for the stricken regions of Hebei and dropped by 14m tons to only 318m. Drought in Hobei had

This year in the north - the duction policy. If you have main winter wheat-growing area — the drought around Tianjin This is the gilding on some work by the peasants salvaged very dry gingerbread however. wuch of the crop which ended work by the peasants salvaged

The flooding, though poten-

principle of collective owner-ship.

Communes have not gone their appearance along with tions in this year's flooded areas further than the selective introduction of the "responsibility and even individuals to farm the land under contract to the commune or one of its subdivisions. The extra incentive families have—your dinner will was the worst for 50 years and in this system has apparently be much more appetising than in Peking for a century. But boosted the peasants' efforts the Chinese claim that intensive enough to make up for the losses caused by the disasters.

The "responsibility system" has come on top of substantial tially horrific, was contained three years ago for produce

promote small factories and businesses. It is absurd, Peking clearly thinks today, that insti-tutions which were originally founded to expand food pro-duction should actually be sapping it.

Even if the harvest this year should reach the 1979 figure China will still be handicapped by a population increase since then of about 22m. Taking the official end-1980 Chinese population figure of 982m, the average grain consumption per head per day will still be less than a kilo-hardly a lot in the vast rural areas of China where grain is not supplemented by much other protein. And, if Mrs Ye (see below) at the Nanxiang commune, who buys food for her pigs, is typical, some of the grain total now goes feed livestock.

The calamitous weather means hinese grain imports may have o rise next year, Mr Shang Ming, vice-chairman of the People's Bank of China, told us Wheat Council estimates that China imported 13.5m tons in the year July 1980-June 1981 and predicts a figure of 14m for 1981-82. Under its present long-term agreements with suppliers, Peking's purchases could rise to over 17m tons.

This does not necessarily mean that Peking will need more grain for disaster areas. Imports are mainly used to feed the huge conurbations of the east coast such as Shanghai and

They save squeezing the peasants for more food when they are already in trouble. They also relieve the pressure on transport which Metallurgy Vice-Minister Ling Hua pointed out to us when he spoke of the competition between depart-ments to get their goods shipped.

Despite the problems, for this years at least, Peking has achieved some kind of balance between food needs and sup

#### WHAT CHINA MIGHT BUY FROM ITS GRAIN TRADE PARTNERS

Source	Agreement signed	Length of agreement	Quantity per year (m tons)
Argentina	September 1980	1981-84	1.0-1.5†
Australia	January 1979	1981-84	up to 2.5
Canada	February 1979	1979-82	2.8-3.5
France	September 1980	1980-83	0.5-0.7
Ū.S.	October 1980	1981-84	6-9
Total	+ Including come	and corn	12.3-17.2

This confirms earlier. Chinese before it could cause damage on bought from the peasants. Those a national scale. In mid-July the swollen Yangtse river overflowed in Sichuan and rain-1.5m tons of grain. In Shanxi province 764 people were drowned and 230 villages measuring difficulties, the con- washed away, but downstream sistency of the reports from on the Yangste and Yellow rivers the reinforcement of dykes and dams prevented wholesale disaster.

In the worst hit areas the consequences of the weather have speeded the introduction regions of Hebei and of economic reform. Tan The grain harvest Qilong party boss of Sichuan province, allowed some com-

price rises helped to generate the record harvest total of 1979. In contrast to most of the communes, many of China's weather.

Hard work and skilful province throughout the 2,000 state farms (largely in previously uncultivated border worst effects of the disasters.

storms continued to drench the 2,000 state farms (largely in previously uncultivated border regions) run at a loss and exist people and causing the loss of regions) run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and causing the loss of regions run at a loss and exist people and run at a loss and run at a loss and exist people and run at a loss and run at a los Supposed to be major grainproducing centres, they are unable to meet their quotas and feed their own workers at the same time.

State farms take up about 4.5 per cent of China's arable land and provide jobs for 5m workers. Adding their families, total numbers living on the farms reach about 11m.

The People's Daily recently took them to task for insisting on self-sufficiency and suggested 318m. Drought in Hobei had munes to share out the flooded they should diversify into cash caused serious malnutrition and land to anyone that would farm crops, livestock and forestry in huge areas of Hubei floods it, contrary to the hallowed Like the communes, they should

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# Flying South changes direction

Mrs Gu Qubing is a Shanghai surburban housewife with curly hair and trendy red matching sweater and socks. She lives in a large comfortable house built in 1972 with her husband and small child on a commune outside the

city.
The Nanxiang — "Flying South"—commune helps to keep Shanghai supplied with grain, meat, vegetables and oven products like bicycle spares and light bulbs. Like all suburban communes, it is extremely prosperous, and under China's new "responsibility system" It is likely to become much more so.

The "responsibility system" functions by delegating the powers of decision over output and money to the lowest possible unit. Peking has been introducing it experimentally this year to try to boost production.

In the communes it works roughly like this: the production team—the smallest tier in the three-tier commune makes a contract with the commune authorities to produce a certain amount. Sometimes it may be a group within the team, or even one bousehold, that makes the contract. It is then allotted land, and it farms it as it likes. The Chinese say firmly this s not capitalism because the peasants don't own the land,

but it provides plenty of rewards for the enterprise. Xu Dixin, vice chairman of the China Academy of Sacial Sciences, told us he believed that Pehing should also the

the communes altogether and revert to the pre-1958 administrative system with a local government to take care of items like education, health and transport. Collectives, not communes, would run the agriculture. His view is not shared by the majority of Peking's leaders, but the
"responsibility system" is a
big step in that direction.
Mr. Shen Yungyuan, director

of the commune's administrative office, outlined to us exactly what the system meant for Flying South.
"Each team makes a con-

tract with the commune for production of a certain quota. When you hand over the quota, you get 500 work points. If you exceed that, you can sell the surplus to the state. "So far out of our 170 production teams, only seven have opted for total responsibility for all kinds of output, but all of them have done so for their industrial crops and sideline occupations. But only 40 have taken responsibility

for their grain crops. "In addition, we've got a hundred teams which have hroken up into small groups—each of those (and sometimes individuals) makes a contract

with its team." Mrs Gu's production team was still using the old system but her sister in law's had switched over. "She's breed-ing hens." Mrs Gu said. "The leam sets up a quota—a particular number of hens—and if she exceeds it she gets 15 per cent of the extra income

Weiqu, who lived next door to Mrs Gu, pointed out why so many teams had initially held back from the new system. "The weather is a big risk," she said. "People worried in case they ean't meet the contract because of floods or drought. Under the old system you got your work points anyway; now you have

to produce results."

Mr Shen was more critical. "It's the cadres," he said. "They hardly ever used to do any farm work but they still their work points. Now they have to dirty their hands before they make any

money.
"Some people are lazy too.
They used to kill time and still collect work points. They can't do that anymore."
Mr Shen thought the slow
approach was the right one (and in Kunming the officials at the commune we visited agreed). "It's best to try it out first" he said. "When autumn planting's

finished we hope to expand

The system is popular with when you want," said Mrs Ye. You can stop when you like to get your cooking done." The new responsibility system has encouraged other sorts of individual production too. Private plots have existed since the 1960s but they have gradually assumed more importance. Every household in Flying South has 60 square metres for its own use—the total now makes

up 7 per cent of the com

Raising livestock popular. One commune member produced 17 pigs last year. Mrs Ye was also in the pig business—last year she reared four. She sold her biggest pig for \$106, but had had to spend \$23 on food for

Mr Shen denied indignantly that the commune had become less of a collective through these changes in the manage-ment system. "Anyway," he said, "The final purpose is to raise living standards. If the responsibility system does, that's fine."

We asked him what he thought about abolishing the name "commune" and reverting to the pre-1958 system. "It's the essence of the organisaton that counts," he said. "Not the name."

Flying South is exceptionally well off for a commune because more than half its total income comes from small industry. But it still looks likely to have problems with differing standards of living within its own com-

Mrs Gu and Mrs Ye lived in large, newly-rebuilt houses with televisions and comfortable furniture, but the neigh-bours were in standard Chinese village accommodation — cramped, dilapidated and dirty. "In future we have to be sure," said Mr Shen, "that there are resentments

C. MacD.

# Business difficulties continue despite new laws

A REMARKABLE recent de next, and will soon be further a more definite legal frame-lurgical Industries, have been can purchaser of another pro- a project whose value substanting enacted which will apply both by legislation.
to domestic transactions and to The foreign businessman may transactions between foreigners well wonder how much predicta-and Chinese. It is likely, how-bility new laws will add. Forever, that the growth of legal merly, China's trade was con-certainty will be impeded by ducted in a legal vacuum continuing changes in trade partly filled by standard conpolicy, fluctuations in the struc-ture of the foreign trade any problems which arose. Most apparatus, and certain charactransactions were simple teristics of Chinese administra-purchases and sales, and com-

The new laws and regulations which have been promulgated on foreign investments and licensing, co-production, proother foreign economic activi-cessing and countertrade are ties in China are of particular possible with little formal law interest to foreigners. More are to stabilise the expectations of

In 1979, a brief and very Expectations are important general law on joint ventures for both the Chinese and was issued, followed, in 1980, foreigners. Chinese trade offiby a law on taxation of income clais have repeatedly said that from such ventures. Several they realise that foreigners

commitment to creating a legal ing the joint venture law. Other for economic types of transactions, such as activity. New laws are being licensing, are not yet covered

plicated disputes were rare.

Now, in addition to joint ventures, agreements on technology parties to such transactions.

other sets of regulations came won't invest in China without

affirming the importance of a formal legal system—have said Now, however, foreigners. the same. despite the appearance of new laws the hopes of Chinese and foreigners alike should be very restrained because of forces and circumstances outside the legal

#### Autonomy

One reason is the decentralisation of China's foreign trade system, which has greatly multiplied the number of Chinese bodies engaged in trade. Until recently, the state trading corporations, with their head-rules quarters in Peking under the resolve. leadership of the foreign trade ministry, monopolised foreign those foreign trade corporations

enterprises have been authorised to deal directly with

Contracts with rural communes are not unknown. The south Chinese provinces of Guangdong and Fujian have been given particularly great freedom. In the new "Special Economic Zones" in those provinces wholly foreign-owned projects are possible, and the tax on the income of foreign investors is lower than elsewhere in China. The proliferation of new partners in trade and investment has caused considerable confusion which legal rules have not helped

For example, five years ago, , monopolised foreign only one or two branches of Now the branches of the China National Machinery Import and Export Corporation sold hand tools: there are now from their Peking head offices. 20, competing on price and In addition, other ministries, other terms despite orders from such as the Ministry of Metal- Peking not to do so. One Ameri-

tracts signed with the Peking the province? head office of a foreign trade corporation, has since found the same goods being offered in the

U.S. by branches of that corporation, as well as by another foreign trade corporation, a large factory, and several joint ventures established in different places outside China by the trade corporation and overseas Chinese partners.

Decentralisation has brought

with it other problems besides

an increase in the number of entities buying or selling. In-experience of "new hands" has been noticeable, as has a diffusion of authority, particularly aggravated in Guangdong and Fujian. In Peking, for instance, the Foreign Investment Control

#### Changes

Confusion impossible to control by law is also bound to arise from changes in policy. More than one foreign company which has signed a general agreement in principal to establish a single joint venture has been told that because of the trol over foreign exchange matters to provinces and major cities, the nationwide joint venture must be transformed into multiple joint ventures which cannot transfer foreign exchange to each other.

Other problems are bound to arise from the way the Chinese Commission says that it must arise from the way the Chinese approve any joint venture pro-, bureaucracy will apply the new jects involving more than \$5m. laws. Since 1949, China's what is a businessman to do bureaucrats have not been in when he is told by his Chinese the habit of guiding their better the foreigner can the foreigner can bureaucrats have not been in the foreigner can be the habit of guiding their better the foreigner can the foreigner can be a few properties of the new that because they are creating that the foreigner can be a few properties of the new that because they are creating that the foreigner can be a few properties of the new that because they are creating that because they are c haviour according to laws and

about being criticised for misapplying particular policies. Their caution is expressed in their reluctance to act without obtaining many approvals from higher levels.

The verticality of the bureaucracy is another troublesome factor: communication among various ministerial hierarchies is difficult except at the top. All been told that because of the of these traits of the burea-delegation of authority and conuniform application of new

> The difficulties discussed here cause they reach to the effectiveness of the policy of linking China to the world economy in order to promote development. The Chinese say that because they are creating a legal system, the foreigner.

Negotiations will undoubtedly continue to be lengthy and time consuming, and the unch tainties will keep tisks difficult to calculate. Much effort, in Peking and tocally, will be

needed to make the new laws an effective support of present There is no question sincerity of the Chinese leader ship or the magnitude of its framework in place of the incomplete one created in the 1950s and destroyed during the 1960s. But laws can only set

San Francisco who specialises in Chinese affairs and fre-

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Dong Fang Hotel Room 1038 Guangzhou Tel.: 69900

# Regional Delegation in Singapore (Asia and Australasia)

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**Asian Contact Office** 5, rue des Mathurins - 75009 Paris Tel.: 298.20.00



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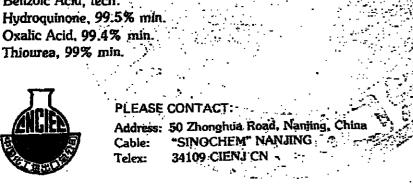
#### CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION JIANGSU BRANCH

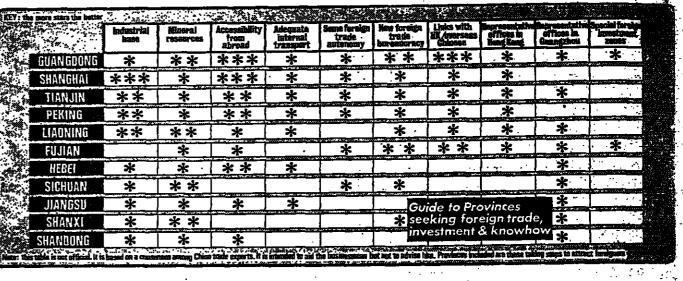
#### **CHEMICALS**

Carbaryl, tech. 95% min. Duojunlin, tech. 95% min. 1-Naphthyamine-Sulfonic Acid (Peri Acid), Amino 90% min., Naphthasu 85% min. 1-Phenyl-3-Methyl-5-Pyrazolone 98% min. Ammonium Paratungstate -Potassium Tungstate Calcium Tungstate Nickel Sulphate Sodium Hypophosphite Benzoic Acid, tech. Hydroquinone, 99.5% min. Oxalic Acid, 99.4% min.

#### **PHARMACEUTICALS**

Sodium Salicylate BP1973 Phenylbutazone BP1973 Salicylamide NF Sulphaguanidinė (SG) BPC1973 Hydrocortisone Acetate (Mic.) BP73 Furazolidone BPC1968 Glucurolactone 99% Min. Sodium Benzoate. Surgical dressings





Mr Zhang, Mrs Tang and Mrs Wong: a tale of three capitalists

# A better service than the state

ZHANG, A thin man in a dirty shirt, makes the best jiaozismall dumplings—in Peking. At least, that is his claim. Zhang in his mid 30s and the proprietor of a recently opened private restaurant in the city's south-western suburbs, is what the Chinese

By Western standards, Zhang is a very poor capitalist indeed. He rides a bicycle and his appearance suggests he is in need of some new clothes. He owes creditors about \$800, money used to start his small business.

Zhang is typical of thousands of small businessmen throughout China who have opened shops, road-side stalls, eating houses, repair businesses or are engaging in manufacturing, all as a result of new economic policies which allow a certain degree of private enterprise.

Most of these "entrepreneurs" have something in common: they believe they can provide a better service than state-run enterprises, although few

run enterprises, although few would be prepared to say so as directly as that.

The family Zhang—the business, includes his mother and sister—are proud of their efforts. Foreign visitors are shown round the small restaurant and kitchen, offered beer and cigarettes and pressed to return for and pressed to return for lunch and dinner.

Zhang, a sometime poet, has called his restaurant the "You Yi Cun" which means "another village" and refers "another village" and refers to a song dynasty poem telling the story of a traveller seemingly blocked by mountains and rivers only to find a way out. "As the Central Committee has adopted a new policy, I have found a new way to earn a living," he says.

Like capitalists big and small the world over, Zhang wants to get bigger. "Of course, I wish to extend by business," he says. "The Government would allow me to extend, but the problem is lack of space." His ambitions are fairly simple. Apart from wanting to make more jidozi, Mr to make more jidozi, Mr Zhang wants a motor bike,



A street trader repairs a leather bag in Shum Chun. Kwantung province

China's latest status symbol. Mrs Wong has a gleaming new refrigerator. a colour tele-vision, a washing machine, her son is the proud owner of a powerful Honda motor bike, and she has money in the

Mrs Wong has achieved this state of material happiness through her efforts as a brush-maker. She is no ordinary brush-maker, mind you; her finely made brushes are much in demand at industrial laboratories and research institutes.

Recently I interviewed Mrs Wong in the presence of Mr Gao, a rather overweight official from the local bureau of taxes, who described her as one of the district's most successful small capitalists. Tax collector Gao seemed very

proud of Mrs Wong's efforts. Her earnings, after tax per month, are now around \$160 on a turnover of about \$20,000 per year, which makes her very well off indeed by Chinese standards for someone who is, by her own description, an "illiterate peasant."

description, an "liliterate peasant."

Brush-maker Wong was in business for herself in the 1960s before the Cultural Revolution forced her to close up shop, along with almost everyone else engaged in "private enterprise." Mrs Wong went back to her village near Peking to work in the fields, before being allowed to return to the city in 1978.

Mrs Wong's apartment full of

Mrs Wong's apartment full of the things that are available to the more enterprising in China these days, is set in a rather depressed neighbour-hood in Peking's southern suburbs. Residents in surrounding apartments certainly enjoy a standard of living well below that of Mrs Wong. Asked whether this created problems, Mrs Wong sàid that sometimes she heard "sharp

"I should say things of this sort do happen sometimes because we are having a better life than others," she said. "But on the whole I am on good terms with my neighbours."

Mrs Tang, a small woman with a lively manner, is typical of thousands of middle aged Chinese who have given up their jobs in state enterprises to make way for their chil-Mrs Tang retired from a state hairdressing salon, allowing her out-of-work daughter to

But after I retired I found I got bored just working at home," said Mrs Tang, who is in her fifties, "so I applied to the district government for permission to open a barber's

permission to open a darker's shop of my own."

Permission was granted in the middle of the year and Mrs Tang spent \$120, some of the money she had saved in more than 20 years of cutting hair for the state, on establishing the shop.

for the state, on establishing the shop.

Business is good. She sees about ten clients a day in the small converted front room of her house and makes \$32 to \$40 a month, better than the average \$24 per month she made previously. Indeed, she earns more than her husband, who works longer hours at the same haidressing salon from which Mrs Tang retired.

Asked whether she encountered any jealousy from neighbours. Mrs Tang said that, on the contrary, they were concerned that if she worked too hard it might damage her health which suggests, if a compatison is made between local reactions to brushmaker Wong and hairdresser Tangthat the moral of this story that the moral of this story.

that the moral of this story should be: it is fine being a small capitalist as long as you're not too successful.

#### SHOES FOR ENERGETIC & ACTIVE PEOPLE

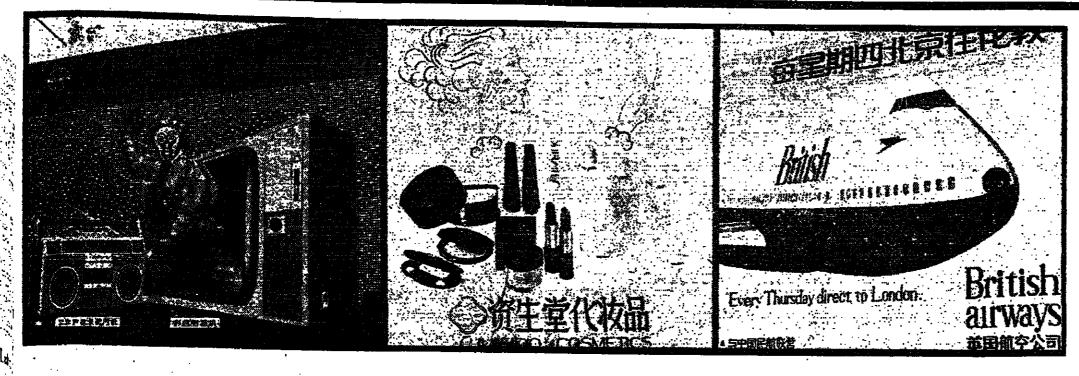
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Welcome To China



Political messages have given way to Panda Low Suds

# passion for advertising

IN MOST Communist countries Peking's main thoroughfares commercial advertising is all Most of the billboards carry but unknown, if not anathema.

but they are rare—as are the illustrations of Mao, Chou En lai, and heroic comrades now (or disgraced, or

The poster sites which have sprung up all over the country in the five brief years since Mao's death carry commercial advertising. In addition, adverttisements are now accepted on television, radio, and in over a hundred publications ranging from the Journal of Extinct Plants and Animals (circulation 12.000) to the Workers' Daily (circulation 1.2m). On the Peking underground, escalator panels and platform light boxes are currently being installed.

About half the advertising is for industrial goods: heavy machinery, scientific equipment, tractors and even ethical pharmaceuticals. The other 50 per cent promotes consumer goods: consumer durables, knitwear, and even detergent posters. Goldfish and Panda Heaven Temple Lew Suds grace

huge chunks of words, some-But not in China where bill-times omitting illustrations boards are now almost common-altogether. Westerners deplore verbosity but the Chinese love Few of the hoardings nowa-it. Possibly; an alternative view days carry political messages. is that the creation of brief, Stirring invocations to the succinct communications is an citizenry to support the Four exceptionally sophisticated art Modernisations are to be seen, —and one the Chinese have yet

> An estimated 30 per cent of the posters are for Japanese goods. Seiko and Citizen watches, National Panasonic, JVC, Aiwa, Minolta cameras and Shiseido cosmetics are all characteristically employ. ing flying the flag in Peking.

Up-to-date figures are unavailable but in 1979 an estimated £300,000 was spent by foreign advertisers. While domestic advertisements greatly certainly

domestic advertisers pay a lower price, sometimes only one-quarter of the rates charged to foreigners. China's total spending on advertising though growing fast, must still

#### High rates

Nonetheless businessmen are already beginning to grumble that advertising rates— especially for non-Chinese advertisers—are astronomically high. It seems doubtful whether those complaining have seen a British ITV Rate Card lately well represented along the British ITV Rate Card lately—highways and byways—with far 60 seconds on national prime simpler, less copy-oriented time costs £100,000. A creative work than the Chinese 60 second peak spot on Shanghai television costs about Japanese manufacturers are £600, to reach an estimated investing against the long-term potential of the billon-strong market. Among European counmarket. Among European coun-tries, Britain, so far as I could Sunderland, but not in Sunderland, where communal discover, is represented by a Shanghai where communal solitary British Airways hoard-viewing is the norm. Only 10 minutes of advertising is transmitted daily, so commercials are hardly crowded out by com-

petition. Local radio stations, which

fairly inexpensive buys. Sixty seconds on Radio Shanghai — population 12m not all of whom admittedly, are likely to be listening in simultaneously - costs £50. Print advertising, on the other hand, and particularly colour, seems expensive. A full colour page in People's Pictorial, circulation 800,000, runs at

Why has the Chinese govern-ment fallen so passionately for advertising? One reason is that advertising by foreign companies brings in much needed foreign revenue. However, it also simultaneously promotes demand for imported goods.

More to the point advertising helps promote the sales of state industries, which will thus make greater profits, cashing in on the present consumer boom.

The growth in advertising is

a direct and inevitable corollary of the recent loosening of the economy, and the tentative steps towards a free market in certain goods. And advertising, as the Chinese have quickly and pragmatically learnt, is by far the simplest and most effective

Winston Fletcher

#### Advice to businessmen: be frank but firm

"The Chinese have a way of overseas Chinese living in making you feel beholden to them," said the American businessman. "You're always a 'guest' in their country. They cocoon you in politeness and endless hospitality. They make it hard for you to thump the table even if you want to."

His advice, after more than a decade of dealing with the Chinese, is: "Be open, frank, always polite, but firm. Very

Doing business in China can seem a forbidding experience. China is big, far away, expensive and gets more so as the Chinese up their rates with almost indecent frequency. There is the language barrier. a monumental bureaucracy which can be very helpful but is more often slow and exasperatingly inflexible, and a very limited services industry.

Many foreign companies had their fingers badly burnt when China announced massive cutbacks in their import of foreign technology and business expertise in the wake of the over-ambitious programme. have vowed never to return. a few have hung on in the hope of imports picking up. The majority are watching from a safe distance.

One banker's three golden rules for companies wanting to do business with China are: prepare your ground very carefully and don't trust Chinese statistics; never try to do business by remote control--in other words go to China; and don't bother if you can't afford a long lead time. China is not a cheap commitment.

Things have improved in the past year or so. China's complex Foreign Trade bureaucracy now has a small number of officials with experience in dealing with foreigners and a desire to get things done. They should be cultivated assiduously. One aspect of China which has not changed is that most things operate on the basis of who you

Many companies are finding it useful to hire local agents or

Hong Kong and who now roam across China in their thousands looking for business.

Approaching the commercial office of your local Chinese embassy can still be very help. ful. The other key require. ment is to identify the Foreign Trade Corporation which handles your product before you start doing busi-ness and establishing a working relationship with them.

Many companies have found it a useful investment to invite Chinese officials with whom they wish to do business to visit their factory or company. This can be an expensire and time-consuming business but may be worth it.

The Canton Fair, held every spring and autumn, is still a major focus of business in China. It is the only place where you get all the key import and export bodies

Increasingly, however, under the new liberalisation economic rules, the Fair is becoming something of a cocktail circuit used to exchange visiting cards. The real business is done before or after the Fair at local level where Chinese dealers offer discounts ranging from 5 to 30 per cent on the price set

'Shop around," said one agent for several big U.S. com-panies." The new economic policy means that individual provinces and enterprises deal on their account. The old rules of central purchasing and price fixing are disintegrating."

One unfortunate side effect has been that some Chinese trading bodies are breaking contracts entered into by the central authorities to take advantage of the new situa-tion. This is worrying many businessmen who import goods from China.

Their word was their bond once," said a senior British dealer, "that's no longer the case. My advice to people is check and double check and get everything in writing. Things will settle down even-tually but its a tricky busi-ness right now."

# Businessman's Guide

Coca-Cola comes to China. About 30 per cent of

advertising posters are for Japanese goods; British

Airways appears to be the only UK company flying

#### VISAS

Ditalis

State

All foreign visitors require visas. These are obtained from Chinese embassies or the China Travel Service in Hong Kong or the visa office. Access to China is easier these days. A select number of foreigners have muliple entry visas. Passports with Taiwan stamps present no problem.

#### HEALTH

Travellers from affected areas should have smallpox, cholera or yellow fever vaccinations. Medical treatment for foreigners is

#### CUSTOMS

Generally helpful Certain goods taken in — radios, cameras, typewriters, tape-recorders — have to be declared. Loss of the declaration form can present problems on outward journey.

#### FOREIGN EXCHANGE AND CREDIT CARDS

Foreigners are given Foreign Exchange Certificates in exchange for their currency. It is illegal to use foreign currency to buy or sell goods. Some hotels in Peking. Shanghai and Canton accept major credit cards. The Bank of China will issue up to yuan 1,500 (US\$850) on certain credit cards.

TRANSPORT Flights into China are in-

Republic of China.

dlE

creasing but travel within China is still limited. Air travel should be booked well in advance. CAAC, the Chinese airline, has an inefficient booking system—it is best to book through the Chinese Travel Service. It is often possible to get a seat on internal flights by turning up at the airport. Rail travel is comfortable. Foreigners require special permits to travel outside their port of entry.

#### ACCOMMODATION

Limited but adequate. There is no room service in most hotels. The service varies greatly. The Peking Hotel—hub of foreign activity-leaves something to be desired. Visitors are expected to accept the rooms allotted to them. Avoid paying for accommodation and travel in a lump sum to your host organisation if possible. They may be charging you over the odds to cover "administrative expenses." Pay as you go if you can.

#### LANGUAGE

Pinyin is easy once you are represents the pronunciation of standard Chinese, or Mandarin, and with a few exceptions the letters sound exactly as they do in English. These exceptions are: q=ch, c and z=ts, zh=j, x=hs. Some familiar names (Beijing, Tianjin) come out looking odd because their conventional English spelling

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#### FOOD, DRINK AND ENTERTAINMENT

Food is good in most hotels. Some excellent restaurants in most cities. Try the Mon-golian Hotpot at the Kaouli in Peking and the Red House for French cuisine in Shanghai. Hotels and restaurants have begun to charge high prices criminate nature of some expense accounts. A good meal should cost no more than II.S.310 a head. Businessmen who are charged more than U.S.\$25 to \$40 a head for banquets should shop around. Some hotels in China have bars, the Dong Fang in Canton is about to open a discotheque and a slot-machine parlour. The International Club in Peking (Beijing) and the Jing Jiang Club in Shanghai have tennis, table tennis, swimming and snooker. The jazz band at the Peace Hotel in Shanghai should not be missed. Nor should the Irish Coffee.

#### **BUSINESS HOURS**

Six-day week from eight to five with a mandatory break for up to two hours at lunch. marshalled in tightly organised programmes. This is traditional and cancelling items. for good reasons and courteously, does not cause

#### **DON'TS**

temper, don't call Taiwan a country, don't make derogatory remarks about the leadership and don't flirt. Penalties for receiving gifts from foreigners are very strict and there is now a major campaign against bribery throughout China.

#### USEFUL

Bank China profile. Available

Press Inc. Tokyo China Business Review.
 Bi-monthly. National Council for U.S. China Trade. 1050

 Sino-British Trade. Sino-British Trade Council, 25 Oneen Aune's Gate: London SW1 9BU, UK.

# Don't tip. don't lose your

#### **PUBLICATIONS** Hong Kong and Shanghai

free from most branches. Asia 1981 Year Book Far Eastern Economic Review. Hong Kong • China Directory. Radio

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Once the stronghold of influences

MIDDLE-AGED American couple, she in lime green shocs and he with the Jimmy Durante nose, dance the Rumba in oldstyle surroundings reminiscent of the 1930s. Alongside the Americans, a smartly dressed Puerto Rican couple dance cheek to cheek, in the Sparish

Scenes like this are not make believe, but an almost every night occurrence in the ground floor coffee lounge at the Peace Hotel in Shangahai where jazz potential for causing trouble.

# Slow change a-coming

musicians from the days before the Communist takeover play up-tempo numbers for the enrtainment of Western visitors was also the birthplace of the tertainment of Western visitors

In a sense, the scene at the lism.

Peace Hotel symbolises the slow To the Gang of Four, up to the outside world after years of estrangement. The Shanghai is cautiously jazz band is a small, no-risk opening up to Western concession to the past by municipal leaders who face the

> slowly than places like Canton towards the acceptance of nistory during the Cultural Revolution are a recent and in painful reminder to many in China's leadership of the city's

that the so-called Gang of Four had its stronghold. The city the country's centre of Capita-

Today. Shanghai is grappling change that is overtaking with the accumulated problems Shanghai as it cautiously opens of the past while trying to face up to a fature where it is expected to play a leading role in China's drive for modernisa-

A walk down Nanking Road, awesome task of governing the city's main shopping street, China's largest and, if history in the area behind the majestic is any guide, most volatile colonial buildings on the water-city. front along the Whangpoo A fear of the past appears to River, brings you face to face be one of the reasons why with Shanghai's most serious Shanghai is moving rather more problem. The city simply has too many people, too much industry and too little space. Nanking Road, with its smart foreign involvement in its daily. Nanking Road, with its smart business life. Shanghai's lurid (by Chinese standards) shops, pre-1949 days and its turbulent is the scene most days of a

Density

Shanghai has a population density seven times that of New

three times that of Tokyn and almost twice that of Hong Kong. It is one of the few places in China where it is possible to comprehend this is a country of 1.000m people. As an illustration of the population den-sity in this city of more than 12m people recreation space per person is equivalent in size to

officials in Shanghai talk resignedly of the city in terms of the 10 "bests" and five worsts" in China.

the "bests" Shanghai's extraordinary contribution to the nation's economy. accounts for one-eighth of China's industrial output, onesixth of all revenue turned over to the central Government and one-quarter of the country's exports. The port of Shanghais in the top 10 in the world in terms of volume of cargo handled. Per capita income and productivity are well above the national average and the city supplies almost half of China's manufactured goods.

Among the "worsts" is Shanghai's population density: at 41,000 per square kilometre t is easily the highest in the country. Average per capita living space is about 4 sq metres and around Im families (not individuals) live in quarters of less than 4 sq metres. Shanghai number of road accidents among the nation's cities and the incidence of cancer is the highest in the country, apparently because of serious industrial

On a "busy" day. Shanghai's public transport carries 12m passengers, dropping down to Om per day in "normal" conditions. People are crammed like sardines on to buses at peak periods, struggling to get on and off because of the sheer reight of numbers.

Not surprisingly, overcrowd-ing creates tensions. "We've all seen fights at the scene of even the most minor accidents in-volving cyclists." said a Western liplomat based in Shanghai. This place has a high index of boredom, even though it is an exciting city by Chinese stan-

is particularly acute among the thousands of young Shanghaincse who flood out of middle schools each year with little immediate prospects of getting the sort of jobs they want, or any job at all. Shanghai has a "youth" problem in common with many of the big industrialised cities of the West.

The incidence of petty crime is high in the city, something directly attributable to the fact there are thousands of young people hanging around with time on their hands. Municipal authorities have done their best over the past several years to "mop up" the hundreds of thousands of young unemployed. Officials claim to have found jobs for more than a million young people in state enter-prises and collectives in the past five years, an impressive job-creation effort. Municipal functionaries need

little prompting to show you small-scale factories where re-cently unemployed youth have been given jobs under the crash employment programme. These same officials are rather more reluctant to facilitate an exami-nation of the "negative" side of the problem.

#### Waiting for job

After repeated requests for consultant said recently he the city's labour bureau, a mem-ber of the Financial Times advised clients interested in cogroup visiting Shanghai was of Shanghai because of difficultaken to a district labour office ties in dealing with an unwhere an earnest official said the "waiting for job" problem co-operative local bureaucracy. had been solved. Under ques-tioning the official admitted the local officials would dispute this view. Xu Bangfai, head of the district was not representative of unemployment problems in newly formed Shanghai Investment and Trust Corporation said in a recent interview that the rest of the city.

Shanghai, these days, is some-said in a recent interview that thing of a paradox to the visitor. the city was actively seeking should be self confident and assertive as begts its station as rather than conveying a sense of vitality, of wanting to get foreign investors, things done, local officials seem A possible expl curiously uncertain. This may apparent mood of uncertainty reflect continuing political conamong Shanghai officials at the moment is that the city is said flict in the local administration or Peking's efforts at keeping to have done rather badly under Baoshan steelworks under con-Shanghai in check.

Businessmen who are regular A senior party official who city. Baoshan with its hu2: visitors to China frequently com- briefed the visting Financial demand on resources, has acted plain that bureaucratic obstructionism in Shanghai is worse economy could recall positive growth figures for light industry, than elsewhere. One China trade but had some difficult y remembering negative results in heavy industry. operative ventures to steer clear

Jazz band in the coffee lounge of Shanghai's Peace Hotel—a small

concession to the city's lurid pre-Communist past

Local rumour has it that Peking was so concerned by Shanghai's poor performance in the first six months of the year that Premier Zhao Ziyang made a special trip down from Peking to give local officials a "pep

It will be interesting to see if the planned industrial growth international involvement in target of around 5 per cent for local enterprises, was planning 1981 will be met. If the target far and away China's most im-to establish a foreign business is met it will mark a surprising portant industrial centre. Yet, estate and was confident about turnaround in economic perattracting a good response from formance compared with the first six months of the year. A possible explanation for the

There is little doubt that one of the biggest problems facing Shanghai, and not one, incidentally, of its own making, is the the new policy of readjustment, struction on the outskirts of the

Colour TVs from Taiwan

demand on resources, has acted as a brake on other industrial developments in Shanghai, distorting investment priorities. I: would be little consolation to local economic planners that Baoshan is now regarded in 'Peking as something of a white

One thing that the dead bureaucratic hand of Peking combined with the influence of ultra-cautious local officials. cannot take away from the city is the enterprise and vitality of the Shanghainese themselves. The people of Shanghai are to the rest of China what Nev-Yorkers are to the U.S.

After several visits to Shanghai, one gets the feeling it needs little encouragement to reassert its commercial, social and intellectual authority. The question is: will it be allowed

T.W.



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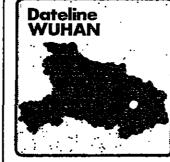


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Wuhan, in the heart of China, is a model for its new policies

TAKE THE train to Wuhan from Peking, and it will land you without seremony in the real China. You emerge blinking from the shadows of the station into a mass of raucous humanity surging round the tattered stalls and cafes outside. Pollution from a million chimneys coats the streets and the drizzle turns the mud into slime under your feet.

Wuhan is at the crossroads where the Yangtse - a kilometre wide and still 450 miles from the sea — intersects China's main north-south rail link. Four million people live here in rundown tenements. Just a few enclaves of village houses, now absorbed by the urban sprawl, remind you of its

The ferocious summer heat rots the buildings and stokes the fires of an already volatile local temperament. "Street

it saw bloody fighting during ing addressed to the tourist pro-the Cultural Revolution." in English — HUBFI weight or measure your height, cotton waste and feed it back Wuhan's recent history is ANTIQUE STORE.

Wuhan's recent history is studded with war and revolution. The Wuchang Uprising in Wuhan in 1911 sparked off the revolt that brought down the Qing dynasty. The Communists from Mao's Peasant Institute were slaughtered here when the Guomindang turned on them in 1928. The refusal of Wuhan's military commander Wuhan's military commander Wuhan's military commander in 1967 to bow to the Leftists in Peking almost led to civil in Peking almost led to civil

Memories of these Cultural Revolution days die hard. "The Central Committee has told us to bury the hatchet," said Vice-Mayor Liu Zhenbang, but an unmistakable foisson went round the roomful of economic officials when the subject was mentioned. In tune with today's policies of softpedalling the excesses of that time was the disclaimer by a journalist from the Yangtse Daily. "I do not know what happened then," she said, "I was only working on the newspaper."

In Wuhan the relics of discarded policies stand side by side with the signs of the new. The local journalists pointed to the massive Yangtse bridge, built by the Russians in the 1950s. "The Soviet people were our friends," they said.

local temperament. "Street Beside the bridge stands a fights are common here." said monument to Sino-Soviet a foreign resident. "No wonder painted tablets, Mao's poem on the Yangtse in his spidery calligraphy marks the bridge approach road.

A faded inscription near the East Lake adjures the passerby to let a hundred flowers bloom. ironic in the home city of Bai Hua, the writer today under attack for his film script "Bitter after rain. Fish, meat, Love." More fashionably, in vegetables and fruit cascade letters three feet high a hoard over the muddy pavements.

tionism in Shanghai is worse

The more sophisticated among

Wuhan is the last stop on

#### Foreign money

The rich red and gold of the Yuan Gui Si temple in Hanyang, reopened in 1979, probably owes its refurbishment as much to this pursuit of foreign money as to religion. "Worship-pers contributed \$47,000 to the temple's funds." said the abbot, "but the state is footing the hill for the restoration." bill for the restoration."

Inside, the Lord Buddha and Inside, the Lord Buddha and the Goddess of Mercy gaze down benevolently on the weekend crowds who nudge each other and giggle at the occasional worshipper. An elderly monk, back two years from 12 years hard labour in the suburbs sweeps up ineffect. the suburbs, sweeps up ineffec-Will there still be Buddhists

in China in a hundred years? "Yes, and in two hundred," responds the abbot briskly, who was the sole occupant of the temple during the Cultural Revolution. "But tomorrow's monks will be different. The leadership plans to recruit from secondary schools and train them at the Buddhist Institute in Peking." China's new economic reforms

have left their mark on the streets. Tea stalls and markets have sprung up like mushrooms

was the textile unit "because customers won't buy their dowdy clothes." switched to making washing machines or fans.

In the store the TV and tape recorder counters are doing a booming trade. A toothy worker earning \$58 a month is buying a colour TV. His parents and three brothers are all contributing. "I haven't decided which," he said, "but I can afford the most expensive one."

The most expensive set is the Japanese one at \$1.334. workers yet. Where plants have closely followed by a set been closed, we've moved them from Taiwan (no-one could to other plants or sent them on explain how it got there) at retraining courses. We even \$1,200. The Shanghai model is subsidise factories making a loss them half that less than half that.

A sunburned farm technician wages.

A sunburned farm technician wages.

We've got 37,000 school on \$41 a month was less ambitious. He'd saved up for six months to get a Chinese tape recorder. The Wuhan-made one. East Lake, cost only \$165 (tapes at \$1.75 each com-pared to \$460 for the Sharp.

"Readjustment has begun to work," said Mr Llu, the vice mayor "Light industry now accounts for the lion's share of output (53 per cent from January to September 1981,

"tapping potentials"—reducing waste and increasing efficiency.

"Heavy industry's the prob-lem." said Mr Liu. Wuhan has plenty of that, though the huge Wuhan Iron and Steel Corpora-tion falls outside the jurisdiction of the municipality.

"We are trying to get the machine building industry to make better equipment for the light and textile industries," he said. "And some factories have

We're also trying to restructure industry - groupings factories together on a process basis. But we've got manage-ment problems. Conventional bureaucrats don't like change. Some are still under leftist influence, but most are coming to understand the need for re-

adjustment. "We haven't had to sack any so they can keep on paying

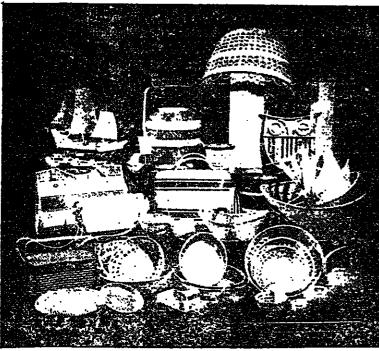
leavers waiting for jobs. This year 62,000 young people left secondary school. Ten thousand are preparing for university. and about 20,000 are short-term workers in collectives."

Despite this doubtful arithmetic, foreigners in Wuhan confirmed that the city doesn't have a serious unemployment prob-lem. Indeed, they say, altogether it seems remarkably caim. The youth to the countrythe whole of 1978). Profits this year will be nearly three times what they were in 1978."

This profit miracle has supposedly been achieved to the same residue of despair as in Shanghai. Its dingy annual ance are a supposedly been achieved to the same residue of despair as in Shanghai. Its dingy annual ance are a supposedly been achieved to the same residue of despair as in Shanghai. ance apart. Wuhan is one of the better advertisements for China's new policies.

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#### Hey presto! Washing machines from a tools plant

MRS HU WEIXIN was ecstatic about her washing machine. "It saves so much time and work," she said, "and the washing powder from the Wuhan soap works is marvellous."

Mrs Hu is a full-time journalist with the Yangtse Daily. With a husband and their 19-year-old son at home, she needs to cut down on the chores. She and her washing machine from the new Wuhan works are what China's "readjustment" policy is all

Consumer needs must be attended to, thought Peking in 1979. Heavy industry is over-producing, so why not switch some of it into making consumer goods? And, hey presto! the Wuhan Washing Machine Works was born out of an old machine tools plant.

This magic formula was one we often heard in China. on this occasion our scepticism was dissipated by the plant itself. It is obviously

a much-visited model of what readjustment can do (the VIP reception room is gar-landed with plastic flowers) but it is producing washing machines which are sold all over the country.

How did they make the switch from machine tools to washing-machines? we asked the director, Chen Guoguan. "We went to the National Washing Machine Confer-ence in May 1979." he said. "Then our West German friends working at the Wuhan steel works presented us with a washing machine. We looked at Chinese washing machines. and we asked advice from the Wuhan Hydro Conservation Institute. We started experimental produc-tion in September 1979 and by November we were in

"Originally we got a grant from the Government of Y2m (\$1.180m) and last July a loan of Y860,000 (\$506,882). We have to pay that off

within two years but there shouldn't be any problem as we expect to clear Y400,000 (\$235,294) profit this year. We only pay a fraction of 1 per cent interest on the loan.

"Our sales are rising all the time. Last year we sold 8,500 washing machines, and this year to September the

figure had gone up to 39,000.

"The ex-factory price is Y190 (\$111), and in the shops they're Y17 or Y18 (\$10) more. We haven't any in stock; they're sold immediately through the shops.
"We do some market research—we visit the custo-

mers, and we try to incor-porate the good points of other washing machines." In its machine tool days the factory employed about 100 people. For the washing machines it has taken on 150 more, a successful piece of job creation which can be credited to readjustment shows that readjustment can The work is lighter than work

machine tool manufacture, though low-paid by even Chinese standards; the average wage, including bonus, is Y48 (\$28). Some interrepretation of the factors of the facto

into re-equipping the factory
—a conveyor belt swings the washing machine body into a spray-painting chamber where the work is done automatically.

matically.
The washing machine itself is fairly basic. It fills with a hose at the top and drains through an outlet with a plug at the bottom. The sole mechanism is an agitator which swishes the water through the clothes. A clockwork timer warns you when the necessary wash or rinse period is up.

period is up.
Primitive it may be, but it marks the first step on the long march towards giving the Chinese people what they really want: a cut in the druggenous line. And it



Dateline

KUNMING

Kunming, in the racial

hotchpotch of Yunnan

Vietnam border

ful to Islamic doctrine.

A young soldier drifts in to

pray and Omar explains that "many of the faithful are party

they can't get it out of their heads," he grins tapping his forehead with his index finger.

from a long, forced hibernation.

Religion in China is waking



isolated nevernever land of Xinjiang is being brought strugling into the 20th

IN the back streets and bazaars of Urumoi, capital of Xinjiang, you can forget you are still in China: the faces, the smells, the language and the architecture are from another time and another place, as far removed from the popular Western image of China as it is possible to magine.

Yet in the official Chinese mind Xindiang is not only very much part of the new China, it is of prime strategic and combine importance.

It is here, almost at the reservade of civilisation itself, that Chinese and Russian troops confront each other across thousands of bleak miles that stretch from the deserts of Mongolia to the mountains of the Hindu Kush, and it is here that China hopes, some day, to reap similar rewards in oil, uranium and coal to those the Soviet Union is winning in Siberia.

Long ago it was across these deserts and mountains that traders moved back and forth, bridging the chasm between the superior civilisations of the East and those of Europe. The silk road that passed through Central Asia was a thin ribbon that, for the first time in the distant past, put East and West in touch with each other. When the camel trains stopped making their way across burning deserts and freezing mountain ranges 1,000 or so years ago, Xinjiang became what it was to remain for centuries, a desolate and isolated never-never land where human life didn't count for much.

#### **Vastness**

Today Xinjiang is being dragged struggling into the 20th century by Chinese rulers whose suzerainty has not always been welcomed by the Turkic peoples and other minorities who are the traditional inhabitants of this Central Asian vastness.

As with Yunnan, in China's south-west, Xinjiang is a pro-vince where stability is of vital concern to Peking. The pro-vince is the site of the Lop Nor nuclear test site, it borders the Soviet Union, India, Afghanistan and Mongolia—all hostile to China--and houses a 250,000 strong contingent of border-

Reports persist of tension and continual fighting between Han Chinese administrators and Xinjiang minorities. These reports were given credence recently by the appointment of veteran Wang Enmao as first party sec-

retary in Xinjiang. Gen Wang, born in 1912, was the tough "ruler" of Xinjiang in the 1950s and 1960s. Interestingly, his appointment followed a visit to Xinjiang in August by powerful Communist Party Vice-Chairman, Deng Xiaoping. Wang's appointment con-tinues the tradition of military control of this most troublesome of regions. In Urumql, you wake to the strains of a Chinese version of reveille and the sight of young People's Liberation Army soldiers exercising in their hundreds in the streets

# Riches of the silk road

brutal policies. There was dis-

out minority languages.

stamp

Xinjiang frontier guards of the Chinese People's

Liberation Army on patrol duty near the Soviet

border

A strong commander returns

Communist army in 1949. Xinjiang is conservatively administered, as would be expected that its achievements are

impressive in a region which encompasses some of the world's highest mountains and its cruellest desert—the little-known Taklamakan. The Chinese have built roads of these rusticated youths have

to remote towns and settlements deribled back to the cities, but on Xinjiang's western perimeter, new industrial centres like Shihezi have been developed, near-desert land has been reclaimed for agriculture and Urumqi connected with the rest of China by a railway line—a potent symbol of Chinese determination to bring this vast region, the size of Alaska, under control.

#### **Minorities**

Han Chinese rulers co-exist with 12 minorities in Xinjiang, from the Uighurs, a Turkic people numbering more than 5m to tiny ethnic groups like the Xibur, who account for perhans large than 20 200 of 15. haps less than 20,000 of Xinjiang's population of more than 12m. Ethnic Chinese now number 5.1m or 40 per cent of the population, a sharp increase in the ratio of Han to minorities since 1949. In those days Chinese accounted for 10-20 per cent of a population of 4.5m. From 1949 China embarked

this repression on "great Han chauvinism." on a policy of forced settlement of Xinjiang, or, to put it rather Imam Abdullah, a senior more crudely: "forced colonialimullah in Urumqi, was one of sation." Thousands of ethnic those who suffered the effects Chinese were resettled in the of religious discrimination. region, some against their will "During the Cultural Revolution such as youths from cities like Imams had to do forced labour Shanghai who were given a one- and Korans were burned," said

Many of Kinjiang's top bureau- way ticket to Kinjiang in the the bearded mullah at an crats are PLA veterans who late 1950s and early 1960s as audience in his mosque in the arrived with the conquering part of Mao's "down-to the Uighur quarter of Urumoi, "I countryside" campaign. believed during the Cultural Revolution that this was the Many of the now not-soend for religion, that it would young people have been agitatbe stopped for ever. I lost hope ing to get back to the brighter lights of the big cities in the

Now, under East, and one said to have enlightened Chinese staged at least one protest rally towards minorities, religion is recently to put their case. Some being freely practised. Mosques have been re-opened and new ones built. Imam Abdullah said the vast majority remain as a disaffected component in an that in the mid-1960s there were 20 mosques in Urumqi. Today, already complex society.

at times."

there are about 50. Nothing is more complex than The once banned Koran is on sale again, I saw a group of the relationship between the Han and their Xinjiang submuliahs selling new copies of the Islamic "bible" on a busy jects, a mixture of peoples who drifted for centuries about Censtreet corner on the fringes of tral Asia as the sands blow today. The Uighurs, Tadjiks, Uzbeks, Kazakhs and others are the Uighur quarter. Nearby, a mosque was being refurbished. At Turfan, a beautiful oasis a fiercely independent group who have little reason to like their "colonial masters." town several hundred miles south-east of Urumqi where Bahal Rahim, a senior official

are numerically dominant, religious worship is an integral part of the day's activities. Ulghur peasants even of Xinjiang's Minority Affairs Office, says that during the Cul-tural Revolution of 1966-76, Islamic and Buddhist people of Central Asia were subjected to leave their communes to worin the early afternoon. Atheistic Chinese administrators accept this state of affairs with a shrug as the price they have crimination, he said, in all fields: language, religion and social customs. Mosques and to pay for more harmonious relations among the various racial groups in the region. temples were ransacked and there were even attempts to

#### Semi-detached

Bahai Rahim blamed much of A Western diplomat who recently visited Xinjiang observed that the Chinese and minority peoples live in a "semi-detached" state from each other. This is certainly true in Urumqi and appears to be the case in Turfan Chinese are not in much evidence in Urumqi's Jighur

> While officials like Bahai Rahim insist that relationships between minorities and Chinese are "getting better all the time." tensions still exist. French geologists, who have worked in the region for the past year, say they have seen frequent examples of racial disharmony.

This is a problem the Chines will have to overcome if they are to tap the riches of Xinjiang. Some foreign observers believe China's remote far-west to be aware of the potential dangers. fabulously rich in oil and gas. They say that the vast sedimentary Tarim basin could be an inland sea of oil, rivalling deposits in places like Saudi

Oil has already been discovered on the fringes of the Tarim basin at a place called Muslims were persecuted, forced Kekkeya near the Soviet border. to eat pork, driven out of their Oil finds have been made elsewhere in Xinjiang, notably at into factories or burnt down Karamay, 190 miles north-west and, in many cases, murdered. of Urumoi.

Xinjiang also has vast deposits of coal, perhaps as much as 1,000on tons, according to a local official. The region

Like Siberia, these riches are difficult to get at and, therefore costly to exploit. It will be a long time before Xinjiang's potential is realised. In the meantime, the Chinese are grappling with the problems of making the region secure from outside threats and internal dis-order, while pushing ahead with development of the infrastruc-

China, according to one Wes-tern observer in Peking, is "paranoid" about the possibility of a Soviet strike against Xinjiang. However, given con-tinuing tension between the administration and local minorities. Peking, in the short term, would seem to have more to fear from internal disharmony than it does from external aggres-

#### Priests like Omar are again being courted by the Party which rightly sees the appearement of its religious and ethnic minorities as the key to stability in sensitive border regions like China is not, and has never been, in danger of breaking up but the leadership is acutely

Muslims are being rehabilitated. They are being allowed to bury their dead instead of cremating them and plans to publish a Chinese version of the Koran are under consideration. All mosques — which were turned the feelings of hatred for the Han "intruder" are palpable. Yunnan is a racial cauldron.

# Prayer and party policy

fierce opposition to the suppres-sion of Muslims under Mao. In one dramatic incident in 1975 units of the People's Liberation Army were sent to suppress a revolt in the town of Shajien. The local faithful had assembled in the local mosque and refused to hand over men who, it was claimed by the authorities, had broken into a local ammunition dump. After a heated exchange province, is a garrison and the Muslims the army town for troops on the opened fire, using artillery, and reduced part of the town to rubble, killing 1,000 people.

Amends have been made. Compensation was paid and a "GOD ALLOWS business but new mosque was built by the excessive profits are forbidden." Government. "Things are better now," said Omar, whose own excessive profits are forbidden."
The sign in a mosque in Kunmosque in Kunming has been ming capital of Yunnan province, speaks volumes about given nearly £100,000 for being a practising Moslem in restoration work. Communist China. The authorities claim that

there are 10m Muslims in China. Most independent estimates, Mr Li, or Omar to give his his Muslim name, is the resident Mullah. Omer is an accom-plished China watcher. He has based on a 2 per cent popula-tion growth rate since the days before the revolution in 1949, type of understated genius put the real figure at between for finding common ground between two totally incompatsix and ten times that number. The official figure for the number of Moslems in Yunnan ible ideologies. He sees to it that the slogans in his mosque reflect the latest line from is 500,000, of whom around 30,000 live in Kunming. The figures are probably much Peking while remaining faithhigher. Unlike the mosques in Xinjiang province, which have minarets with red stars on top, Omar gestures to the half-adozen families who live in this small outpost of Islam and says: "Since the fall of the Gang of Four being a Moslem the four in Kunming tend to be more discreetly placed. Occasionally curious non-Moslems stray in from the street in China has become much

#### members. It's against policy but of China. Believers

The Chinese leadership is anxious to conciliate religious believers. But the Party is also worried about the opposition from hardliners to the new freedoms and to the explosion of interest in religion which threatens the ultimate triumph of Communism and atheism.

to gawp but they are careful not to show the disrespect which

is evident in the less well-

attended Buddhist monasteries

There may be greater free-dom under Deng Xiaoping than under Mao but it is part of a very carefully controlled policy aimed at ultimately absorbing China's ethnic minorities into a Chinese whole. The policy of diluting Moslem and other minority unity be settling Han Chinese among them continues. if at a slower and subtler pace. In this respect the authorities in Yunnan are more fortunate than those in Xinjiang or in Tibet for that matter, where



Chinese mullahs outside a Kunming mosque. Estimates put the real figure of Muslims in China at six or ten times the official claim of 10m

Attempts to bring it under the ing Vietnam the authorities control of the Chinese began are extremely sensitive to the under the Ming emperors and, presence of outsiders. in many respects, are still going

The province is a huge area valleys and mountains bordering Tibet, Vietnam, Laos and Burma. Its population of 40m includes 23 ethnic races as diverse as the predominantly Muslim Hui, the Han (ethnic Chinese) and the small group of descendants of Kublai Khan's Mongol armies living a solitary existence in an area south of Kunming who still speak 13th century Mongol.

Peking has made some impor-

Officials also struggle to over-

come such deep-rooted tradi-

tions as poppy cultivation in the

ber of cases recently of major

shipments of opium being smuggled across the border into

Yunnan and down to Canton for

export to the West through

Hong Kong.
The Minorities Institute in

Kunming trains cadres from

Yunnan's ethnic groups and

sends them back in key posts.

Few, if any, are given top jobs

in areas not strictly concerned

The province is tightly run

and much of it remains closed

to foreigners. As one of

China's military regions border-

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with minority matters.

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tant concessions to the minori-ties. One is to exempt them from the strict one child per family ruling even though in the case of one tribe, this has resulted

remote border areas with Burma. There have been a num-

The army plays a major role in what is effectively a garri-son town and the supply base for part of China's continuing war of attrition with Hanoi. One-fifth of Kunming is composed of army barracks. The streets are full of windowshopping soldiers in their illfitting uniforms. The hills around the capital echo to the occasional thunder of practising artillery fire.

#### Armed camps

Kunming was a battlefield during the Cultural Revolution. The city was divided into two armed camps. The army itself was divided with units fighting each other across the political divide. At Yunnan University in a tripling of the population divide. At Yunnan University from 300,000 to 1m in 30 years. campus were driven to suicide by persecution from Red Guards, some of whom are still in top jobs.

The problems of governing Yunnan are greatly compounded by the huge distances involved. It is often said that Yunnan is at least two years behind Peking in implementing party policy.

This may be true. It is certainly the case that pictures

of Mao and Hua Guofeng, who fought a power battle with Deng Xiaoping and lost, still adorn the walls of some communes. On the other hand it may just be that, as one observer put it. Yunnan is one of those provinces which are hedging their

A.C.

#### Throughout the Cultural Revolution he resisted all orders from the Left in tical commissar in Nanjing. In 1977 he was posted to Jilin Peking to give in to Red Guards who tried to "drag province as first party secretary where he has been till out the power-holders."

Good terms for investors

bosses Wang was powerful en-

ough to remain in his fief un-

til late 1968. The importance

of Xinjiang as a buffer against the Soviet Union, a

source of uranium, a nuclear

testing ground and a hotch-

potch of nationalities (some

with cousins on the Soviet

side of the border) shored

But eventually the Leftists

got him. In 1969, though he

attended the 9th Party Con-

gress in Peking, he dropped

down the hierarchy and dis-

As the influence of the Gang of Four receded, he

surfaced again as deputy poli-

appeared soon after.

him up:

processing industries.

IF YOU climb to the highest

bombarded for years by Chinese artillery shells and, more recently, with propaganda leafilets in a not-so-productive exercise to which Peking has senslbly called a halt.

the channel to the port of storage are under construction.

07-084531 X<sup>0</sup>

knowledgeable former gen-eral has just been posted back

to Kinjiang as top party boss in a move which reveals

Peking's deep anxiety over the troubles there this year:

His past career suggests that Peking wants him to ex-

ert a firm grip on disaffection in Xinjiang with few con-

cessions to the troubled popu-

military commander with a calculated mixture of velvet

glove and iron hand from the

early 1950s to 1969. Soon after "liberation" he crushed

a series of Muslim revolts in

the region.

Wang ran the region as

will be completed to serve a new Special Economic Zone (SEZ) being set up nearby at a place called Hull, also on Xiamen.

Chinese hope to attract processing industries to these zones, funded and part-managed by foreign business, that will employ local labour and generate foreign exchange.

The Chinese appear to have made a good start at Dongdu. completed on schedule. Apart from the new dock, buildings

Dongdu on Xiamen island itself The Dongdu facility is costing to see tangible results of more about \$100m. At nearby Huli, work began on October 15 on a multi-phase project that will include factories and housing, covering a total area of three-and-a-half square miles. The first phase, to be completed in up to three years, will cover about 40 hectares and will cost some

Villages

"We have been a little slow in starting," Mr Cheng said, "because we have had to make villages and also complete some reclamation work."

The municipal planning offi-cial said several foreign companies had indicated they were interested in establishing businesses in Huli. These included a company making granite carvings for export and what he described as a factory engaged in the "secondary processing of resin." Talks were also being held with a container manufacturing company. In all, it is expected 100 separate enterprises will occupy the Huli site governing business in the when it is completed: economic zones are generous.

an airport capable of taking Boeing 737s, warehouses and administrative facilities, and a plied by Fujitsu of Japan. Last year China promulgated ings with the outside world are new regulations governing the dramatised. These are bold operation of Special Ecconmic Zones in Fujian and nearby Guandong province, South leaflets on a military target, it China. These provinces have is another to build a large been given special flexibility to industrial estate served by

of Chinese-controlled industrial

deal with foreign business, not-ports, roads, railways, airport ably through the establishment and a productive labour force.

Other installations under

At this stage three such enclaves are being developed in Guangdong and one in Fujan. SEZs in Guangdong, like the one at Shenzen, have benefited from their close proximity to Hong Kong and are reasonbly well established.

The Xiamen zone can be expected to develop rather more late start and also because access to it is difficult. It will be some time before the airport is ready to take direct flights from places like Hong Kong.

The disadvantages of Xiamen compared with the Guangdong zones mean that rather more generous terms are being offered foreign investors in Xiamen

Xiang Nan, first party secre tary in Fujian province and the driving force behind the Xiamen special zone, said recently that foreign investors would be entitled to 60 per cent of profits from enterprises instead of the 50:50 split that applies else-

Other inducements are being

offered to investors in Xiamen.

Tax laws and other regulations

The tax rate is 15 per cent and construction on Xiamen in con-flexible policies apply to remit-nection with SEZ activities are ting profits and on the payment of import duties on plant, equipment and consumer goods It is at places such as Dongdu new telephone exchange sup that the changes now being carried through in China's dealexperiments for the Chinese. It is one thing to land shells and leaflets on a military target, it

China's modernisation is re-opening the bridge between Western technology and the needs of an enormous market. Getting business in the new market is not easy. It calls for the guidance of an organisation where speed of decision and modern technology are backed by a century of experience in the China trade -The Hongkong and Shanghai Banking Corporation. Contact with The Hongkong Bank gives you

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# XIAMEN

The island of Xiamen has a Special Economic Zone designated for foreign investment in

point on Gulangyu, a tiny island across a channel from the larger island of Xlamen, off the South China coast, and look towards the sea, on a clear day you can make out Quemoy. This is the Taiwanese island

These days, you only have to such as an administrative look back over your shoulder centre, seamen's club, department store and large cold

pragmatic policies now being pursued by the Chinese govern-

At Dongdu new port facilities are being constructed to assist in in contact with the outside outside world. By the end of 1982 four berths for ships, ranging from 10,000-50,000 tons

The SEZs are being established as "islands" for foreign investment in China. The

Port development is well advanced and, according to municipal planning engineer, Cheng Qi Zhe, work will be

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#### REFORMING THE EEC

# The start of a crucial 24 hours

By John Wyles in Brussels

POLAND may well be at the forefront of their minds but the EEC's Foreign Ministers will enter Lancaster House this evening to begin a 24-hour exercise which has some of

evening to begin a 24-hour exercise which has some of the intensity, and unreality, of a search for the Holy Grall.

On the instructions of their heads of government, the Ministers, accompanied by just two advisors each, must try to secure agreement by 5pm tomorrow on a highly clusive set of guidelines for EEC reform.

The effort exhausted and exasperated the government leaders themselves at the London summit 17 days ago. Unwilling, however, to admit defeat, and fearful of the political consequences of failure, they massed the negotiating baton to consequences of failure, they passed the negotiating baton to their Foreign Ministers and ordered them to wrestle four basic problems into submission. Success would yield a set of guide-lines for detailed subsequent negotiation on expanding non-

#### The budget problems: Britain seeks a long-term deal



THAT THE UK has an unacceptable situation" is not in dispute. But in agreement is now needed on which countries have budget problems, and how they should be dealt

year sharply reduced the UK's net payments to the EEC budget for 1980-81 to around £255m. This arrangement could be extended to cover next year. But the British have been unsuccessfully fighting for a long-term deal, running at least seven years, which would be based on a wholesale recasting of the pattern of member states' budget payments.

The idea is to develop a pay-ments formula based on relative gross domestic product which would mean that the more prosperous countries would silbe net contributors while the peorer member states would be net beneficiaries from the

budget. This would be fair to all, and net contributor while Denmark.

from the budget than they pay in thecause of their farm

Most other member States will not accept such tinkering with the budget but tiermany is offer ted by an idea which transfers some of the EEC financing burden elsewhere. Bonn still insists that it will not sign any new arrangement for the Critish unless it, too is conedded a ceiling on its budget payments.

Mrs Thatcher looks unlikely to push her formula through and Chancellor Schmidt looks equaly unusely to obtain his budget ceiling. The Commission's compromise proposal could goin ground because it is less radical than the British appropen. Essentially, it would

#### Lowest common denominator

cim to compensate the UK for its included a single state of farm spanning. Sut the cost of a refund to the British would have to be carried more heavily tuan at present by Benefux and Diagnostic if Germany is to give to olessing.

On this, as on the other three ker asues, national interest aritids heavily against national interest. Wherein lies the Com-amony interest? The risk is most particularly to West that it will be asserted in the Germany which is now a huge longer common denominator of longer common denominator of agreement which will solve the Benelux countries and nothing while appearing to solve France currently reverse more chaos everything.

agricultural policies. reforming the Common Agricultural Policy and creating a longer-term arrangement to limit the UK's payments to the EEC budget.

But, as suggested below, confidential draft guidelines which the Ministers will have in front of them on the most controversial agricultural issues show that, in trying to narrow their differences the Ten are retreating towards more and their differences the Ten are retreating towards more and more general statements. This could leave too many crucial decisions to farm price negotiations in the spring when the UK could once again be encouraged to be lenient on agricultural matters in return for a new deal limiting its budget payments. The Ten have been forced into today's negotiations be-

cause of three separate hut related problems.

First, since 1975 the growth of CAP spending has been such that, despite a moderation in the past 18 months, it

#### Common Agricultural Policy: aiming for a financial corset



THE "guidelines" approach on milk and Mediterranean products may not be tough enough to force Agriculture Ministers into making economies during next year's farm price negotiations. But an agreement on this issue could yet provide the key to reform of the Common Agricultural Policy.

he aim of the British. West German and Dutch governments, with some support from Denmark, is to put a financial corset around the CAP through a formula which at the very least says that the growth of agricultural spending should be less than the growth in the EEC's budget revenues. The CAP's costs have consistently climbed more quickly than budget resources-an annual average of 17.5 per cent between 1975 and 1982 compared with a 12.5 per cent budget growth. Obviously this process limits the possibilities for raising spending on other

The Foreign Ministers will have three options to consider. The British are proposing an tween CAP costs and budg approach which says that "for revenues appeared to be the time being agricultural ex- healthy principle.

penditure will grow less rapidly than the Community's own resources" and it will be the Commission's responsibility to manage the CAP within that framework. (The Commission wants the comparison between CAP costs and budget revenues to be evaluated " as an average over several years.")

The Danes have proposed a formulation that is similar to the British, but rather less forceful in decreeing that farm spending will grow less rapidly than the EEC's own resources.

The French, nowever, have the real battle line with a draft which argues that, once agreed, the guidelines should be enough by themselves to "ensure that agricultural expenditure grows less rapidly than the Community's own resources, as

#### Nothing but using their best efforts

has been the case over the past two years." Clearly, this would commit the Ten to nothing but using their best efforts.

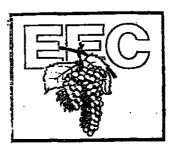
France and Ireland argue that CAP spending is subject to so many variables that it would be absurd and improper to dany the Community's only genuine common policy the resources that it needs. President Mitterrand, however, commented after the London summit that maintaining some relationship between CAP costs and budget

threatens to exhaust the EEC's budget revenues. Second the need for agricultural economies is made more imperative by the accession in three to four years of Spain and Portugal. Third, agriculture's domination of the budget puts the UK at

Third, agriculture's domination of the budget puts the UK at a particular disadvantage because its farm sector is only half the EEC's average size and makes only a small contribution to the production of surpluses which attract EEC spending in the form of intervention buying and export surpluses.

Broadly, the UK finances about 22 per cent of EEC farm spending but receives only about 6-8 per cent of the agricultural budget. As a result, Mrs Thatcher wants a long-lasting mechanism which will reduce Britain's net payments to Brussels while new EEC spending policies come on stream of greater benefit to the UK. The four key problems which the Foreign Ministers will try to settle are:

#### Mediterranean agriculture: the impact of Spain and Portugal



IF THE EEC has a "crisis clock," the hands would be at three minutes to midnight as far as this is concerned. Politically, it is creating the Com-munity's own North-South problem while the financial outlook is dire because of the prospect Spanish and Portuguese membership,

For years, Italy has comthat Mediterranean agriculture has left it as the "poor relation," lacking the price guarantees and growth opportunities which the CAP has lavished on its northern producers. Greek accession and a new French Government more sympathetic to the Italian case because of its own southern fermers have strengthened the Mediterranean lobby's demands for parity of treatment with the

But the northern EEC states want to contain, rather than empand, CAP expenditure on the South because of the huge impact which Spanish and Portuguese membership could have on the Mediterranean farm bill.

the total CAP budget on a variety of aids, in some cases resembling deficiency payments.

designed to prop up the in-comes of Mediterranean pro-Increasing sums are being spent on trying to boost consumption of Italian clive oil and tobacco and on trying to soak up a rising tide of Italian wine. When Spain and Portugal are added to the equation, at least two things look likely to happen: an increase in the wine and olive oil surpluses (extra cost of Spanish olive oil alone

would be £400m a year) and greater pressure on the incomes of Italian fruit and vegetable and citrus farmers who produce at substantially higher cost than their Spanish equivalents. Ideally, a crash programme of

#### Little in the way of a breakthrough

agricultural rationalisation and social development is needed in the south of the Community. but where would the money come from?

The compromise under discussion at Lancaster House offers little in the way of a breakthrough. It suggests that basic decisions should be taken by April 1 next year and that these should try to reduce the surpluses in wine and olive oil while safeguarding the in holding However. 57 per cent comes of producers. This begs a of EEC farms keep less than 10 lot of questions, since action cows and only 3 per cent of At the moment the EEC is against surpluses tends to dairy farmers own more than spending about 18 per cent of threaten incomes.

#### Milk: getting the 'Promised Land' surplus under control

MEASURED BY the Old Testament's "flowing with milk formula, the EEC is well on its way to being the Promised Land. Each year it produces enough milk to fill a lake 61 miles long, 11 miles wide and nearly 15 feet deep. In recent years, the quantity has been growing at about 3 per cent a year while consumption has been rising by 0.5 per cent As a result, about 10-15 per cent of production cannot be sold on the open market and this is

tion incentives can be as much as an extra 80 per cent of the market value of the products. Since 1976 spending on the milk surplus has swallowed hetween 31 and 46 per cent of the total CAP budget.

The milk surplus problem has been getting worse because the Community's 25m cows (the numbers have remained constant for many years) are produting more because they are better bred, better fed and more subject to factory farming. But the Community's economic and political problem is that its dairy farming structure is later than March 31. The other diverse and basically inefficient. says that the co-responsibility

Experts regard 30 cows as the tax should be maintained at its minimum for a profitable dairy present level

holdings which own more than 30 cows produce 40 per cent of the Community's milk.

Thus, more than half the 1.8m dairy farms are barely viable and heavity dependent on prices guaranteed by the Community. Many of them also have widely different productivity standards; the average British and German cow will produce more than 4,700 kilograms per year while its Irish equivalent barely 3,200 kg. The disparity means that there is much more milk in the productivity pipeline. Ireland makes the problem very difficult to deal with on an EEC-wide busis since 45 per cent of its full-time farmers produce only milk and are being squeezed by very high local inflation. dairy farms are barely viable The Commission wants to

The Commission wants to augment a 2.5 per cent general co-responsibility tax (the farmers' inadequate contribution towards the cost of disposing of the surplus) with a special super-levy which will cover fully the costs of disposing of new surpluses above current of new surpluses above current production levels and which might also discourage such production. But it also wants to provide an income old for small farmers by averaging those profarmers by exempting those producing less than 30,000 kg of milk a year from the co-responsibility tax.

The Irish would welcome this largely processed into butter and skimmed milk powder.

The costs of disposal through export subsidies and consumption incentives can be as much and Dutch favour the extra levy and are opposed to any exemptions from the co-responsibility payments on the grounds that he efficient would be penalised at the expense of the inefficient. The French are persuadable. provided they get the income aids for small farmers.

under discussion at Lancaster House would barely begin to settle the argument. One says that the "modulation of the gurrantee" (presumably coresponsibility and any other taxes) should be decided not account the situation of small producers, and by other measures so that producers to dairy farmers own more than participate in the cost of ... 50 coss. The 10 per cent of disposal of surplus production."

#### Letters to the Editor

#### Tidily making the punishment fit the crime

From Dr J. Bray, MP. David Vines, and Martin Vienes (December 8) wish to rapher, the pursuit of monetary targets to control inflation, of the use of fiscal policy to control money income, monetary policy to control the exchange rate and incomes policy to control employment. There is an apparent legic in so didily marine, the punishment fit the crime. And the strategy could well be superior to the Government's single instrument strategy. But

is a realistic". · Suppose there was a wage ex-plosion. Would any Cabinet cut public expenditure by 20 per cent, abandon whole social services, and increase VAT in 30 per cent? Yet such could well be the required fiscal response. And would any Chancellor pursue a monetary policy watch devalued to the point of tetally accommodating wage inflation? And what would be the response to an oil price shork? The

Shouldn't we look at

Sir.-While the occumerts in

mists, as set not in the article officerating spiral.

ing. I am not entirely sure that there is really much that is "new" about them indeed, the Confederation of Braish Indus-

try has been so into a for of this for quite some time now.

The same of the principle of t

posses in relation to a new wage. Gold for the young and if we policy spell out in greater details pay them less this would reduce

because until we do acquire to the loss between pay and whole new approach to those underginent because with a policies and sentements there is very little hone of our indust.

Granting pair would reduce the pay and underginess because with a consequent less of incentive.

try becoming more competitive, in this essentry have increased Clearly we should entirely dis-

souse people of the math one compositors are average rise has they are entiried to the results been along 10 not event. In that increase in reward. Reward period we do not appear to have should be geared to results. Surely in some areas we would

should be genred to results. Then a treat deal of thought Surely in some areas we could to terming an entirely new

return to piece work as a basia contract to our wage policies, of negotiation.

In view of the current relative

Would it not be a more idea to give the three-year contract bettaining, would the not be a more consideration than we do? Your appropriate time for This would give some element Government, unions and indus-

enreements" One approach could be for . Strong sterling gives

ped up, if necessity rather, sa., From Mr. A. Hormani, six months. With the coduced Sir,—Why is Profes

confidence

six months. With the induced Sir,—Why is Plafessor Meade A. G. Horsnail, pressure on labour cost per unit propared to argue (December 8) 22 City Road, ECI.

I was sorry het in see free in the meathous effect of a high

ine three Cambridge Econo-

"A new financial strategy (December Sr. make good regi-

of stability to industry's cost factors. Should we not consider

the idea of adopting synchrosus; settlements to avoid leap-freq-ging and could we not consider

a return to a far greater dependence upon locally based wage

wage increase of half the fore-cast level of inflation to be top-

pay change systems

From Roserva Mills

behateed policies are pursued. using all instruments in the pursait of all objectives. As one objective pels more out of hand the priority assigned to it in-creases. And as the use of one instrument is strained, other instranged; are prought in to re-

amulations show that his system. assisting single instruments to single thirgets works reasonday well on **models derived** from dots over periods when (everaments were forced in the end to pursue reasonably hal-caced policies. But that does not mean it would work in

more practical and techpally superior solution is the deliberate design of balanced policies in which all instruments ere used in the pursuit of all ablectives. The means of seiting

Ownich ean account for up to 40.

per cent of 50 per cent of total costs the rate of indaton would

therefore have been smaller dan had the full mecase been granted and hopefully a would be presible to schieve a

We need to Dok terr closely

pay mem less this would reduce

On a ring past two years wages

Vote appropriate time for Covernment unions and indus-

ity to on together to devise 

the relationship between

rom Dr. J. Bray. MP resulty of Cabinet government, up the necessary priority or Sir.—Professor dames Merca. and indeed survival, is that, weighting system which reflects avid Vines, and Martin Vinus, coughly and in the long run, the priorities of the Government. the priorities of the Government was demonstrated in evidence from the programme for research into optimal policy evaluation at Imperial College to the Treasury select committee in our enquiry into monetary

> Treasury officials told us on December 7 that they have now Of course Professor Meade's installed the Imperial College programmes needed to carry out such exercises on the Treasury As a first step, they might at least see what help they can give the Chancellor in sorting out his priorities as to whether he is targeting on the money supply or the exchange rate. The special studies sec-tion of the Federal Reserve Board is doing similar work at a more advanced level which takes into account model uncer-

> > (Dr) Jeremy Bray. House of Commons, SW1

in favour of sterling devaluation

as a technique to raise UK

exports-demand to create jobs?

most western industrial coun-

tries are in heavy trading debt

to the Organisation of Petro-

leum Exporting Countries year

by year and they are all urgently

seeking ways to reduce imports

and raise exports. Britain, as an

oil producer, enjoys a large

overseas trading surplus (£6bn

surplus in 1981 from the

raise exports then we simply en-

large world trade imbalances and, here in the UK, raise

Strong sterling, we often for-get, gives confidence to the

terest rate funds, Austria, West Germany, Holland, Japan and

Switzerland have all prospered

by doing so. Why are we in the

UK so refuctant to try it?

import prices and inflation.

World trade figures show that

#### New training initiatives

From the Assistant Secretary. Institution of Professional Civil

Sir,-I read with interest about the new training initiative for school leavers to replace the youth opportunities programme

The Property Services Agency provides, maintains and furnishes accommodation buildings and fixed installations for the Government and the armed services. With over \$9,000 employees it is one of the largest employers in the construction

Until recently in keeping with the industrial Training Act 1964 and the Employment and Training Act 1973, PSA has contributed its fair share towards the overall cost of train-

ing in the industry.
In addition to craft apprenticeships the agency has concentrated on design training, which is outside the scope of the construction industry's training bourd. In 1979-80 there were 249 places for "O" level entrants as trainee draughtsmen and quantity surveying assis-tants. This figure was reduced

to 21 for 1981-52. Sir George Young, the Minister responsible for PSA told the trade unions on November 9 that if much of the work of the agency was being placed with the private sector then they would also have to take on the responsibility for training. This ignores the fact that over 50 per cent of the PSA's new works programme has been cut since 1979, and that the amount of work going to the private sector has there Treasury forecast). If Britain fore not substantially charged.

Design training has dways been undercapitalised. Given the present recession coupled with the withdrawal of \$4m Exchequer support to the con-struction industry fracting board, it is probable that this

area of training will be seriously

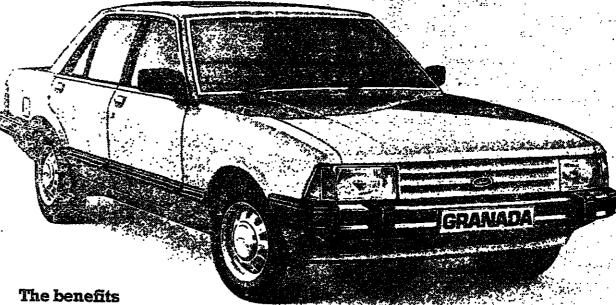
international investor to deposit funds in sterling. With strong The Manpower Services Corasterling and these deposits it becomes easier to fund UK pubmission does not have authority to finance training schemes in the civil service. We are, there-fore, in a Catch 22 situation While the MSC is advocating lic sector borrowing at lower interest rates and to leave a generous addition of funds for British industry to invest in skills based training for young new factories and plant to people, another government department with all the create new jobs,
The most urgent UK measures necessary training facilities is opting out of its training comto relieve unemployment and raise output, I respectfully sugmitment. If the Government is committed to alleviating the gest, are policies which will attract world investment funds problem of youth unemployinto London from OPEC sources. ment, its sincerity can be judged by the student intake in PSA for 1982-83. An anneutre-Not "hot" money, but long-dated, large value and low in-

> in 1982. Linda Cohen. The Institution of Professional Civil Servants, Northumberland Street, WCE

ment is expected from Monne!

Heseltine on this subject early

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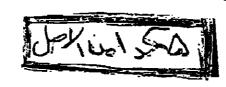
After a preview of the 1982 model Granadas. 'Car' magazine said in their April issue – "Granadas that outride and outhandle some of the best cars Europe has to offer are a reality"

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#### Ian Rodger examines the propects for Central TV and its ACC connections

# Tuning in to the advertising revenue battle

The company, which is now try-ing to raise £25m to take over the Midlands commercial television franchise, suffers firstly from its connection with Lord (Lew) Grade's troubled Associated Communications Corporation, and second from its forecast of losses and no dividends

Central launched its long awaited share issue last week consisting of 1m voting shares and 24m non-voting, both classes at 100p per share. ACC is subscribing for 410,000 voting shares and 12.24m non-voting shares and applications are being invited from the public for the one voting share and 24 non-

they should invest large amounts

Dec 11

Central Independent Tele-vision is starting public life with company controlled by him two disadvantages to overcome. through a small investment in voting shares.

Bankers S. C. Warburg and lead brokers Albert E. Sharp. who are promoting the issuealthough they are not underwriting it-argue that ACC will have no influence over the day-to-day direction of Central Although five of the 14 direc-

tors including the managing director, are nominated by ACC, they point out that only two, Mr E. S. Birk and Sir Leo Pliatzky, are connected with are non-diversified group (both are non-lineators). The diversified group (both are non-executive directors). The others, including the managing director, have no previous links with ACC and cannot be re-moved without the aproval of a majority of the board, and ACC does not control the

board. Moreover, they argue, Central Investors who have watched has no obligation to deal with Lord Grade pile up big losses on ACC on, for example, foreign has no obligation to deal with grandiose film ventures are sales of its programmes, and any naturally inclined to ask why dealings that do take place will be on an arm's length basis.

interims or finals and the aub-divisions

TODAY

ns Brasway, James Cropper, House, Dentand Stamping, House Estate, Hasiemere James Listham, May and

As for Central's commercial prospects, the prospectus sets out the directors' budgets for the company's first three years of operation. In the 15 months to March, 1983, a pre-tax loss of £2m is anticipated, mainly be-cause of the £6.3m advance payment that has to be made to the Independent Broadcasting Authority for the so-called fourth channel. Thereafter, the group is looking for pre-tax profits of £5.3m in the year to March, 1984

"The board believes the budgets for the year ending 31st March, 1985 give an indication of the potential profitability of Central," the prospectus states.

and £8.9m in 1985.

That would imply fully taxed earnings per share of 17.1p and the directors say they intend to pursue "a relatively liberal dividend policy." A circular from Albert Sharp forecaste an 11.2p net dividend for 1984-85.

However, as the prospectus makes clear, these are budgets, not forecasts, because there are so many uncertainties that forecasts could not be made.

**FUTURE DATES** 

cisted Tooling Industries Dec 18

**BOARD MEETINGS** 

operating there will be signifi-cantly lower than at ACC's Elstree studios. But any delay in the move, scheduled for late 1983, would affect the budget Also, it is very difficult to predict how popular the fourth channel will be with viewers and advertisers. Its mandate to cater for special interests and foster new and experimental programme ideas may not be immediately successful. At least Central is anticipating that revenues from

the new channel will not exceed subscription costs up to 1985. Another element of uncertainty is the extent to which breakfast television, which is due to start in 1983, will take advertising revenue away from

the outset is shown at £22m, with most of the proceeds of

these products by about half. Although Central starts life having to take over ATV's big

another at Nottingham, it has managed to arrange to lease both of these properties rather than buy them and so much of the cost will be charged as an operat-TBA's levy. In the end, the success of

Central depends on the buoyancy of advertising spending, and most forecasts for the next two years are quite favourable. In the current year despite the recession, television advertising is up about 15 per cent and next year the Advertising Association is expecting even bigger growth as comporate profits recover.

The success of Central's share The company's asset base at issue is another question. the outset is shown at £22m. Severely restricted by the IBA's conditions for the franchise, the who share issue going to buy the company had to offer preference plant, equipment and work-inprogress of the ATV Network, in the Midlands, as well as the ACC subsidiary which has special consideration for the

For example, the company is been serving the Midlands. How financial supporters of groups building a new studio at Notting ever, the £8.6m shown for pro- that competed against ACC last ham and anticipates the costs of grammes is said to undervalue year for the Midlands franchise. Preferential applications were understood the response was not overwhelming. For example, backers of Mercia, one of the competing groups, have not

applied for any shares in Central. On the other hand, a group of

ATV employees has set up a company with the aim of raising £1.25m to buy a 5 per cent stake.

If the issue does not go well, no one knows what will happen. Warburgs say it was pointless to attempt to underwrite it because institutional investors would not know whether or not they would be acceptable shareholders to the IBA. ACC is committed to taking 51 per cent and has provided a trust fund for buying up another 14 per cent if there is a slight shortfall in public subscriptions. But if the public subscribes for

anything less than 35 per cent, there could be trouble. " Perhaps screens in the Midlands will go blank on January 1," one

Dates when some of the more important company dividen Dates when some of the more important company Hydrend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last years announcements, except where the forthcoming board meeting (indicated thus\*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

at the amounts in the	is coronin des	inco womentenent isst Act.
Date	Announce- ment last year	Date Ment lest
*AEDec 17	Final 7,82857	Magnet and Southerns Jan 14 Jat 20
Assoc.		
CmmnctnsDec 18	Int: 1.5	*Medey Dec 16 Finel 1.25
Assoc. NewspapersJan 9		*Northern FoodsDec 15 Final 3.53
		1 F0008Dec 15 Final 3.52
Assoc.	Elect 0.79	*Rocal
Paper Indslan 15	- Filipa 0.70	Flectronics: Jen 13 Int. 1.15
*BOCDac 14	Final 202	Rank OrgJan 21 Final E.C.
Barisford		Ratners
(S. and W.)Jan 15	Final 6.5	(Jowellers)Jan 12 Int. 0.57
BETJan 15	Int. 1.863	RaybackJan 9 int. 1.13r SGBJan 13 Final 3.0
City of Landon		Samuel (H.)Jan 8 Int. 1.5
TrustJan 9	Sec. int. 1.1	*Scorrish and
Daily Mail and	_	NewcastleDec 22 Int. 1.5
Gen. TrustJan 9		*StenhouseDec 16 Final 233
PoistillersDec 17	Int. 3.0	Tate and Lyle Jan 21 Final 6.5
Dixona PhotoJan 15	Int. 1.312	Thom EMI Jan 9 Int. 405
*Dobson ParkDec 14	Final 3.31	Trusthouse
*English Chips		ForteJan 21 Final 8.543
ClaysDec 17	Final 3.5	*UnigeteDec 17 Int. 2.2
Grand MetDec 22	Final 3.75_	*Union DiscountJan 27 Final 14.6
*Guinness (A.) Dec 15 Hickson and		*United
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] ={CLDec 15	Final ZUZO	
*Lloyds BankFeb 19	Final 9.6	Board meeting intimated. t Right
Kenning		issue since made. Tex free. Scrip
MotorJan 14	Final 3.75	i isana siuce made. I Lougest:
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# Public Works Loan Board rates

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**BURGESS PRODUCTS** 

(Holdings) P.L.C.

**Underlying Financial Strength** 

in Year of Reduced Activity

24,853,000 1,243,000

941,000

789,000

(Light electrical and acoustical en

•	Quota	loans	repaid at	Mon-dno	m foster v. 1604)
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\*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# United Engineering Industries,

#### PUBLIC LIMITED COMPANY

Application has been made to the Council of The Stock Exchange for the Company to be admitted to the Official List, including the shares to be issued in connection with the proposed amalgamation with Micro Consultants Limited and two American Companies ("the MCL Group"). Subject as mentioned below, dealings are expected to begin on

Monday, 21st December, 1981. It is expected that particulars of the enlarged group will be available in the Extel Statistical Services on Friday, 18th December, 1981, subject to the approval by shareholders of the resolution to be

proposed at the Extraordinary General Meeting convened for 12.00 noon on which accompanied a circular letter to shareholders dated 27th November, 1981 and to the completion of the proposed amalgamation.

Pending such particulars being available, copies of two circular letters to shareholders giving details of the acquisition of Yewlands Engineering Company Limited and Precomp Engineering Services Limited and of the proposed amalgamation with the MCL Group dated 17th July, 1981 and 27th November, 1981 respectively can be obtained from:-

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U.S. \$60,000,000

**Credit Facility** 

Swiss Bank Corporation International Limited Algemene Bank Nederland NV

#### Norcros £2.2m ahead to £11.3m

formance overseas and lower improvement in profit. The print interest charges, pre-tax profits and packaging company is show-of Norcros increased by £2,24m ing signs of recovery, however, to £11.28m for the half year with Autotype leading the way ended September 30, 1981, Includ-with a substantial profit advance ing associates, external sales on 1979/80.
went ahead from £158.87m to Despite a lower profit than last

On capital increased by the rights issue, the interim dividend is maintained at 1.96p net per 25p share payable February 4 last year's final payment was 3.56p paid from a taxable sur-

Mr W. K. Roberts, chairman, says the group looks to the future with confidence and expects to complete the current year ahead of 1980/81. Beyond that, he adds, it would be unwise to forecast, "but we are

Overseas companies continue to perform well, he states, with sales up by 23 per cent to £39.7m, and trading profits showing a 26 per cent expansion to £5.6m. Virtually all companies con-tributed to the success, the only lisappointment being the decision to cease manufacturing tiles in the U.S. the chairman says. The tile companies in Greece, India and Malaysia all reported

time, the engineering sector was ahead of budget and "more than holding its own in a market which offers limited opportunities for profit related to effort states.

ing a difficult year, he points out, and prospects are gloomy. However, substantial expenditure on capital projects in H. and R. progressively during the second half and the first quarter of next year, and "should have a marked effect on the company's results."

an elusive sales demand in order to take advantage of its much improved factory performance, the chairman says Building Adhesives, which is benefiting from the recent capital spent to improve and extend its facilities. and is currently well ahead of last year, in both sales and

record sales and profits, he adds. profits.

In the UK, only the constructor Mr Roberts says that because

will be an upturn in the UK economy the group will continue as overseas to improve productivity in those companies that have the opportunity of increas-

Pre-tax figure for the six months included much higher associates share of £1.1m £382,000), investment income of £446,000 (£239,000), and was struck after interest lower at £2.35m, compared with £3.45m.

Trading surplus of £12.09m (£11.87m) is split as to: construction £2.19m (£2.05m); consumer £1.21m (£2.74m); engineering £1.19m (£1.63m); print and packaging £1.57m (£1.87m); luternational £5.66m (£1.87m); head office £270,000 (£911,000 loss).

After tax, £3.96m (£3.89m), a re-acquisition/disposal adjustment debit £295,000 (£14,000) and an extraordinary debit of £1.5m (£288,000), the attributable (£3.84m).

Ordinary dividends will absorb £1.9m (£1.52m) and £2.65m (£2.32m) is transferred to

# USM move by Eldridge Pope

AN application is to be made to £412,000 the Stock Exchange by brewer the sale Eldridge, Pope and Company for of this "close" is "A" ordinary shares to be creased from £15. quoted on the Unlisted Securities Market.

For many years there has been regular trading under £261,000 con Rule 163 (2) in the "A" shares, of £324,000.

which carry restricted voting rights, and the directors now feel that the company is obliged to apply for membership of the USM in order to preserve the interests of "A" sharebolders.

year to September 30, 1981. The figure rose from £1.4m to half. £1.58m, and this included Re

(£320,000) profit on the sale of property. Turnover company increased from £15.44m to £16.94m. The total dividend is raised from 8.75p to 9.5p with a final of 5.5p. Tax for the year was £261,000 compared with a credit

The directors say sales for the year have been affected by the recession, although the com-pany's production declined only very slightly, which was better than the national average.

They would otherwise have been affected adversely by the been affected adversely by the being imposed ing Duty increases or the poor season. In other fields, restrictions now being imposed on Rule 163 (2) dealings.

The Dorset group, which is summer season. In other fields, wine, especially at the cheaper also a maltster and wine and staged a "spectacular spirit merchant, reports improved pre-tax profits for the timed to slide, though rather tinued to slide, though rather less steeply than during the first

Retailing in the company's

shops and also its managed houses proved difficult, especi-ally in the hotel division. However, several of the more problematical houses have since

Tax for the year took £261,000 compared with a credit of

#### FT Share Information

The following securities have been added to the Share Infor-mation Service: Drapery and Stores). Marine Adventure Salling Trust

Renison Goldfields Consolidated (Mines-Australian).

# Burgess Architectural Products had a reasonably profitable year

Profit after taxation .

with a satisfactory performance in the UK market where the low level of activity still reflects a sluggish building industry. Turnover at Burgess Industrial Silencing was down but profitability continued In the UK, the markets for Burgess Micro Switch were depress

Extracts from Mr. W. Riddell's Statement:

Profits for the year are reasonably satisfactory when viewed against

the background of the effects of the recession on the Group's

and extremely competitive, whilst improved results are anticipated from the three overseas companies in the current year.

At Burgess Power Tools reduced domestic spending and the strength of sterling continued to have adverse effects on home and export sales respectively although current exchange rates could forestedow some improvement in exports.

Continuing low demand for original equipment and very keen competition in the field of replacement equipment resulted in a very low level of activity for Burgess Products Company. Sales and Engineering efforts have resulted in new contracts and whilst these are yet at a modest level, they will be quite substantial at and when the truck and tractor industries recover from the recession.

The Balance Sheet has been considerably strengthened by the reduction in working capital during the year and the Group has adequate borrowing facilities to take advantage of an improvement in the economy when it arises. The gearing adjustment reveals that less than 30% of the Group's average fixed assets and working capital during the year was financed by borrowing and is an additional indication of the underlying strength of the Group.

#### M. J. H. Nightingale & Co. Limited

27/28 Lov	vat Lane London EC3R	8EB	Ť	eleph	one i	01-621	1212
						P/1	
€0000,≊			Changè	Gross	Yiel		Fully
capitalisat		Price	on week	div.fr	1 %	Actual	taxed
1,154	ABI Hidgs, 10pc CULS	116		10.0	8.6	. —	
3,821	Airsprung	66	_	4.7	7.1	10.5	14.5
1,075	Armstage and Rhodes	43	_	4.3		3.6	8.1
11,732	Bardon Hill	193	<b>+ 1</b>	9.7	5.0	9.4	11.4
6,809	Deborah Services	88	- 1	5.5	6.3	. 4.4	8,3
4,612	Frank Horsell	123	+ i	6.4	5.2	11.3	26.7
9,246	Frederick Parker	64	+ 2	1.7	2.7	27.8	
849	George Blair	46	· <u>-</u> -	1.7		27,0	·
4,061	3PC	100	_	7.3	7.3	7.2	10.9
2,454	Jackson Group	97		7.0	7.2	. 3.1	6.9
15,596	James Burrough	113kd					10.4
2.683	Robert Jenkins			8.7	7.7	8.2	
2.340	Scruttons "A"	263	-	31.3	11.9	3.7	9.3
4.101	Tooday and Code	54	_	5.3	9.8	8.3	7.7
2.885	Torday and Carlisle Twinlock Ord	168	_	10.7	6.4	5.4	10.0
. 1,955	Tudelock 45 - 110	1312	- :		_	<u> </u>	
4.883	Twinlock 15pc ULS	72	_	15.0	20.8	_	_
	Unilock Holdings	32	_	3.0	9.4	5.7	9.7
5,760	Weiter Alexander	77	- 1	6.4	8.3	5.1 .	9.0
4,948	W. S. Yeates	212	<i>–</i> : 2	13.7	6.2	4.0	8.2

#### FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than

INTEREST % 131 131 131 131 14 14 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Rd., London SEI 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI" FFI

is the holding company for ICFC and FCL.

THE TRING HALL USM INDEX 116.4 (-0.3)of business 11/12/81 BASE DATE 10/11/80 100

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Den norske Creditbank

Dresdner Bank AG

Midland Bank Limited

Grand Cayman Branch

National Westminster Bank Group

Swiss Bank Corporation International Limited



# Personnel director at Plessey

PLESSEY TELECOMMUNICA-CATIONS AND OFFICE SYSTEMS has appointed Mr John W. Benson as director of personnel and communications. operations director. Mr Benson is director of personnel. Plessey Office Systems, Beeston, Nottingham.

Mr David Woodward has been appointed executive director of TRUSTHOUSE FORTE's Grosvenor House, Park Lane, London from December 21. Mr Wood-ward returns to Grosvenor House from Holiday Inn where he was regional director, UK, France and Benelux

Mr Geoff Lord has been elected to the board of the KELLOGG COMPANY OF CREAT BRITAIN, as director manufacturing.

Mr B. M. (Paddy) Booney has

motions until 7 pm. Remaining stages of the Civil Aviation Bill

· (Constitution) ... (Variation)

(Finance) Bill, second reading.

Constitutional Referendum Bill.

second reading. Debate on the

report of the European Com-

munities Committee on water

pollution by cadmium dis-

SELECT COMMITTEES-Home

Affairs, sub-committee on race

relations and immigration. Sub-

ject: police handling of racial

attacks. Witnesses: Association of Chief Police Officers, Metro-

politan Police. (Room 15, 11

am), Education, Science and

Arts. Subject: information tech-

pology. Witnesses: Mr Kenneth

Baker. Industry and Informa-

tion Technology Minister: Mr

Paul Channon, Arts Minister. (Room 6, 4 pm). Foreign Affairs, Subject: Caribbean and

Central America: British ap-

proach to stability, security and development. Witnesses: Mr

Richard Luce, Foreign Affairs

Minister. (Room 8, 4.30 pm).

TOMORROW

COMMONS - Social Security

(Contributions) Bill, second

reading. Motions on the North-

ern Ireland (Emergency Provi-

sions) Act 1978 (Continuance) No. 2 Order, and on the Scot-

District Council Land) (Scot-

land) Order.
LORDS — Motion to approve

Cial Streng

ced Activity

dulele a Statest

.......

- Nuclear Industry

stages of the Civil Aviation out and of the Housing (Amend-ment) (Scotland) Bill, Motion on the Welsh Water Authority (Variation)

LORDS

John Costord has been appointed director from January 1.

ROYAL DOULTON TABLE-WARE (HOLDINGS) has appointed Mr Hugh Gibson inventory planning director.

Mr A. Parry will be retiring from the board of SEDGWICK GROUP on December 31. Mr Parry will continue as a member of the Committee of Lloyd's for a further year.

Mr John Mordue has become secretary of the WATT COM-MITTEE ON ENERGY.

Mr. K. T. F. Boey has been appointed a director of MATHE-SON AND CO.

WEDNESDAY

COMMONS—Debate until 7 pm on Opposition motion on the need to introduce a reduced

rate television licence for pen-sioners. Debate on Opposition

motion on the Government-

imposed increase in council

house rents. Motions to approve

Civil and Defence votes on Account and the Winter Sup-

plementary Estimates. Motion

on the Education (Assisted Places) (Amendment) Regula-

tionship between the arms race

and inflation, unemployment

trade recession and the world

economy. Debate on develop-

ment opportunities in the south-

west Atlantic. Debate on recom-

mendations on West Indian children in Britain's schools

Defence. Subject: Miny of

Defence organisation and pro-

curement. Witnesses: Miny of Defence. (Room 15, 10.30 am).

Industry and Trade. Subject: British Shipbuilders. Witnesses: Mr Norman Lamont, Minister of

State and officials from Depart-

ment of Industry. Energy. Sub-

ject: North Sea oil depletion

policy. Witnesses: Department of Energy (Room 6, 11 am).

examine ways of improving the

machinery for investigating

complaints against the police

vices. Subject : the age of retire-

ment. Witnesses: Mr Alan Walker, University of Sheffield;

Swedish State Company Ltd.

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(Incorporated in Sweden with limited liability and wholly owned by the Kingdom of Sweden)

U.S. \$50,000,000 1534 per cent. Notes 1987

Issue Price 991/4 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Union Bank of Switzerland (Securities) Limited

Application has been made to the Council of The Stock Exchange in London for the 50,000 Notes of U.S.\$1,000 each constituting the above issue to be admitted to the Official List, subject to the issue of the temporary global note. Interest is payable annually on 15th January, the first such payment being due on 15th

PKbanken Group

ncement complies with the requirements of the Council of The Stock Exchange in London.

and related matters. Witnesses

No. 2 Order and on the Scot-Sir Cyril Philips, chairman of tish Special Housing Associathe Police Complaints Board, tion (Vesting of City of Glasgow (Room 8, 11 am). Social Ser-

Company and Business Names Mr Frank Laczko, University of

Regulations 1981, Civic Govern- Leeds. Professor C. L. Cooper motions.

Home Affairs. -Subject:

- Debate on the rela-

COMMITTEES -

Parliamentary business this week

tee stage.

LORDS -

a member of the Myson Group. HOBBS, but remains in an ad-He was managing director of visory capacity. Mr F. J. Drought has been appointed managing

Mr Bernard L. J. Spratt, on promotion to assistant secretary. has been appointed as the new career officer for accountants in the GOVERNMENT ACCOUNT-ANCY SERVICE. Mr Spratt has for the past six years held two appointments at assistant director level in the director general of defence accounts division of the Ministry of Defence.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY is making the following changes from January 1: Mr W. Proudfoot. chief general manager; Mr R. Anderson, general manager (systems); Mr J. D. Campbell, general been appointed managing Mr P. D. Mannsell has retired manager (investment): Mr L R. director of MYSON COPPERAD, as chairman of ZIMMERMANN Carmichael, general manager

Malcolm Johnson policy studies institute. (Room 21, 415 pm).

Treasury and Civil Service sub-committee: Efficiency and effectiveness in the Civil Service sub-committee.

vice. Witnesses: Sir Robert Armstrong, Secretary to the Cabinet. (Room 15, 4.05 pm).

European legislation. Subject : Medical and Public Health

Research. Witnesses: Mr Geoffrey Finsberg, Under Sec-

retary for Social Services.
(Room 6, 430 pm). Welsh
Affairs. subject: Water in
Wales. Witnesses: Severn Trent

Water Authority. (Room 18,

THURSDAY
COMMONS — Social Security
(Contributions) Bill, remaining

stages. LORDS (11 am)—Mid-Lothian

District Council Order Confirma-

tion Bill, third reading. Nuclear Industry (Finance) Bill, third

reading. Fire Service College

Board (Abolition) Bill, second

reading, motions to approve. Welsh Water (constitution) (variation) Order 1981; Marine

Fish Farming (financial assis-

tance) scheme 1981; Education (assisted places) (amendment)

regulations 1981; Northern

Ireland (emergency provisions)

Act 1978 (continuance) No. 2

Order 1981, debate on plans for

the future Government of

SELECT COMMITTEES-Agri-

culture. Subject: Less favoured

areas. Witnesses: Crofters Commission (room 16, 11 am);

Energy. Subject: North Sea oil

depletion policy. Witnesses: Mr Hamish Gray, Energy Minister

FRIDAY

COMMONS-Private Members'

of State (room 8, 11 am).

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Northern Ireland.

ment (Scotland) Bill, commit- and Mrs Ann McGoldrick; Mr

general manager (marketing); Mr R. K. Stewart, general mana-ger (actuarial); Mr M. A. Hogg, assistant general manager (property); Mr W. G. Knox, assistant general manager (investment) and Mr R. M. Nicolson, assistant general manager (pensions).

Mr R. L. Burr, who left Plessey Radar in September to become managing director of Specoptic (UK), Aldershot, has in addition been appointed executive director of the Guernsey-based parent company, SPECOPTIC.

Mr H. C. P. Bidwell, chairman, Pearce Duff Company, has been elected president of the BRITISH FOOD EXPORT COUNCIL, succeeding Mr G. W. N. Palmer.

Mr Peter G. Cordrey and Mr Blake N. Gorst will join the board of SINGER AND FRIEDLANDER as managing directors from January 1. Mrs Angela V. Boff will be appointed a local director of Singer and Friedlander's Birmingham office and Mr Richard R. Clough a local direc-tor of the Leeds office on the same date.

Mr Peter Maddieson has been made director in charge of WARNER HOLIDAYS UR holiday centres. He was previously troller of lending chairman and managing director Bank International.

Props., 130, Wood Street, EC, 3.90 1 (5.), 34 German Street, SW.

Property Holding and Investment Tex Assaults
Tex Assaults
DIVIDEND & INTEREST PAYMENTS—
AECI 5.5pcPl, 2.75ac
Alean Aluminium Db. 4lapt

5 tot. 24pc
5 R La. 24pc
6 R La. 24pc
8 R La

Greece Scicle 1380 (Piraeus-Larissa Riy.) (Assó.) 21-bot
Do. Stig. Fdg. Bds. 1985. 21-bot
Guardian inv. Tst. Db. 2bc (1973-83)
Guardian Royal Exchange Ln. 31-bot
Hambro Tst. BpcPt. 2-1bc
Hutton (E. F.) 20 cts.
Investors Capital Tst. StapcPt. 1.8375pc
Jentleue 0.7b
King and Shaxson 1p
King and Shaxson 1p
King and Shaxson Ptg. Ptd. 1.75p
Do. 5pcPt. 1.75pc
Louisiana Land and Exploration 63 cts.
M and G Midland and Gen. Tst. 6p
National Medical Enterprises 1D cts.
New Earland 7-bc. 1983-86 3-ipc
Nippon Electric 3.25 Yen
Owens-Illinois 39 cts.
Parassoli Science Company Ln. 3.5625pc
Reliance Grp. 75 cts.
Riverview Rubber Est. 11 Sen
Saga Holidays 8p
St. Lawrence and Ottawa Railway Stig.
1st Mts. 2bc
Sandwell 13pc Red. 1982 6-ipc

Sea Lonzamers 36-3625 Cts.
Seagram 45 cts.
Seagram 45 cts.
Seagram 45 cts.
Seagram 45 cts.
TRW Inc. 60 cts.
TRW Inc. 60 cts.
TRMe Inc. 25 cts.
The Inc. 25 cts.

WEDNESDAY DECEMBER 16
COMPANY MEETINGS—
ROUIDAT Pag. 1 Hobart Place. SW. 2.30
leto Hidgs. Great Eastern Hotal. EC.

finas: Bivernel Brcs.

Lawrence and User 1st Mts. 2pc and will 13pc Red. 1982 6 2pc and well 13pc Red. 1982 6 2pc es Containers 36.5625 cts. leagram 45 cts.

hipping 10p SpcLn 1890 (Piraeus-Larissa Riy.)

emhart 60 cts. General Motors 60 cts. Gill and Duffus 3.59 Graig Shipping 10p Graig Shipping 10p Graig Shipping 10p Graece Spcin 1390 (Piraeus-Lari (A360.) 21pc

RU MEETINGS-

· l' · » l'dustrics ness (Arthur)

(administration) and secretary; of Maddieson's Holidays. Mr Mr K. J. Hurry, general manager Arthur Reynolds, tours manager. (service); Mr M. D. Paterson, has become director responsible Philip Kinder has been appointed finance director. Mr Philip Holmes, who has been company secretary for five years, has also been appointed to the board. Warner Holidays is a Grand Metropolitan group company.

> The Marquess of Douro has been appointed a director of GB

Mr Peter & Detre has been appointed managing director of JULIANA'S SOUND SERVICES.

Mr Denys Henderson has been appointed a director of BARCLAYS BANK INTER-NATIONAL. He is a director of Imperial Chemical Industries and non-executive director of Grindlays Bank has appointed

Mr R. J. Wilson as chief execu-tive of subsidiary company. GRINDLAYS HUMBERCLYDE Pocklington, which provides finance, including leasing finance, for the agricultural sector. Mr Alan R. Barber has been

appointed an assistant general manager within MIDLAND BANK'S corporate finance division, with international responsibilities. He was previously con-troller of lending at Midland

#### WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and oxicial indications are not aways available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—
Lacer Electronic, Allogican Hotel, Shepiston
Lane, Hayes, Middlesse, 9,00
ritish Inds. & General Inv. 781. 117 Old
Stead Street, Ed., 2.30
Stead Park Lane Hotel, Piccadilly, W.
3.00 interims: Austin (E.) (London) Equity Consort Investment Trust Hampton Gold Miding Areas Jucksans Bourne End Acniedy Smale ue, Jentique & Metamec Social Club, rich Road, Deraham, 12.00 Birmingham Metropole Hotel, nai Exhibition Centre, Birmingham, Mational Exhibition Centre, Birmingham, 12.00 Mr. Dart, Moxon Street, Barnet, Herts, DIVIDEND & INTEREST PAYMENTS— Agricultural Mortgage Variable 8ds. 10/5835 47.0000 Bridport-Gundry W Ribbons. Great Eastern Hotel. Liverpool Street. EC, 12.00 BOARD MEETINGS ramphorn 1.5p English Electric Ob. 23apc (1977-72) Givnwed 2.45p
Herrisons and Crosteld 7.5p
Lefcaster Fits, Rate 1982 £5.8750
Majedie Inv. 2.75p
Coana .Coms. 1.5p
Seleguard Ind. Inv. 4p
Left Blandse In. 75apg

COMPANY MEETING.—
Angio Scottish inv. Tat., 2 St. Mary Axe.
EC. 11.15
Alerson (A.). Lincoin House, Coiney
Surect, St. Albans, Herts., 12.30
Billoy (C. H.). Chancel Dry Docks, Cardiff.
12.00
The Company Secretism and Gassel Tet. DIVIDEND & INTEREST PAYIMENTS— orichitural Mortgage 104mcDb 1992-95 Abstract in the 1992 of 1.2pc
Ambrose inv. Tst. Int. 11.2pc
Ambrose inv. Tst. Int. 11.2pc
Ambrose inv. Tst. Int. 11.2pc
Ambrose inv. 15.158p
Ro-thorage 1.521p
Feb Intl. 0.75p
Feb Intl. 0.75p
Feb Intl. 0.75p
Honeywell 85 cts.
Lynd Securities inv. Tst. 2.75p
Syn Life Ass. Society 4.5p.
Therebroomy 12.00

"Loss Empire Securities and General Tst.,
"Idolers' Hall, Gutter Lane, Cheapside,
2C, 12.00
Draybog Cons. Tst., 117 Old Broad Street,
EC, 2.30

EC. 2.30
London and Montrose Inv. Tst.. P and O Building. 122 Leadenhall Street. EC, 3.30
McAcchail Bross., Midland Hotel, Birmingham. 12.00
Morland, The Browery. Ock Street. Ablogdon. 12.30
Peters Stores. Hollday Inn. Great North Road. Seaton Burn. Nowcastle. 12.00
Speedwell Geer Case. Birmingham and Midland Institute. Marparte Street. Birmingham. 2.50
Sewart and Wight. 1 Hobart Piace. SW. 11.00
Singer Bahris Rubber Est.. 1-4 Great Syn Life Ass. Society 4.5p.
TOMORROW
COMPANY MEETINGS—
Affect London Props.. The Ina on the Park,
Harditon Piece, Park Lane. W. 12.00
Histories Road, Birmingham, 12.00
M. Lorie Inv. Plantotion House. 10-15
Minchey Lane. 10.15
Minchey Lane. 10.15
Party Meeting Party 10.00
Party Meeting 10.15
Party Meeting nger Bahru Rubber Est., 1-4 Grest Tower Street, EC. 12.00

rustees Corporates
United Vator Breweries
OLVIOEND & INTEREST PAYMENTS—
OLVIOEND & INTEREST PAYMENTS—
Chandlan Overses Packaging Inds. 21 cts.
Equity inc. Tet. 11.750
Green's Economiser 4.5625pc
Guardian Inv. Tst. 1.5p
Sakers Finance and Inv. Pr. 24pc
Scottish National Tst. 4.65p
Do. 6pcff. 2.1pc
Steel Bros. 3.15p
Sampel Bahru Rubber Est. 1.6p
Teny (E. W.) 5.25p
Yfittington Eng. 1.4p

Y/Ent/Ington Eng. 14p

PRIDAY DECEMBER 18

COMPAN MEE/INGS—
Amber Day Hidgs... Cilve Hotel, Primrose Hill Rose, NW, 10.45

Earton Fransport, Chamber of Commerce, 295 Mansted Road, Nottingham, 11.00

Salton Textilio Mill, Winchester House, 100 Broad, Street, EC. 12.00

Civide Biowers, Livingstone Street, Civide-Sant, Eurobartonshire, 11.00

Common Bros... Earmourgh House, Market Sieget, Newtaster, 10.00

GR Hidgs... Chartered Accountants' Hall, Moorgete Place, EC. 12.0

Hopwarth [J.], Queens Hotal, Leeds, 11.15

Highland Electronics, Highland House, 8 Old Steiner, Brighton, 12.00

Manganese Bronce Hidgs... 1 Love Laber, Market Street, 12.00

Manganese Bronce Hidgs... 1 Love Laber, 11.00

Membanese Bronce Hidgs... 1 Love, Laber, Electronics, 11.00

Membanese Bronce Hidgs... 1 Love, 11.00

M

Lowland Jav.: 17 Austin Friert. EC. 2.30
Manganese Bronze Hidgs... 1 Love Leav.
EC. 2.30
Newman-Tonks, Middand Hotel. Birmingham, 12.00
Tathex Group. Cate Royal. 68 Regent
Street. 11.00
UIJ Textiles. Tatto-shell Lingerie Limited.
Tattershall Thorpe, Lincolashire, 10.30
Wolseley-Hughes, Vines Lane, Droftwich.
Worcestershire. 2.30
LOARD MEETINGS—
Finals: rinoise
Davenports Browery
His and Hansons
Resant Motor
united Scientific
Listerims

DIVIDEND & INTEREST PAYMENTS— Arbothner Starling Fund Ptg. Pf. D.Sp. Bank of Ireland Filtg. Rate Dbs. Ser. 5 1990 SS.15 Bradbury Wilvinson Soc Dbs. ser. Ireleas : S.15
SS.15
Willinson Spc Ptg.Pf. 3pc
(Robert) Early repayment of 1991-96 at £78pc

GATX COFP. 60
GRUDO ING. AITS SA FREE New SASS
SASS
HIII (Philip) IAV. TSt. 2p
JETSEY General INV. TSt. 4.5p
London Atlantic INV. TSt. 1.75p
Nastional Bank of Australasia 11 (
1928 INV. TSt. 2p
OK Bazzarz (1920) 44 cts.
Portsmouth and Sunderland Newspa
Prince of Walns Hotols G.75p
Ropper Hidga. 2.5p
Stewart and Wight 4p
Third Mile Inv. 0.7p
Tyzack (W.) 1p

\*\*CATHERIA\*\* DECEMBER 1 SATURDAY DECEMBER 19 DIVIDEND & INTEREST PAYMENTS-chequer 3pc 1984 1\(\text{Upc}\)

DIVIDEND A INTEREST PAYMENTS—
FIGURE OF INTEREST PAYMENTS—
FIGURE OF INDUSTRY I ACCE. 1983 7 pc
M and G American Recovery Fund (nc.
D.7p
Pyto Alegre (City of) Soc Gold Eds. (Plan
A) (Int. now 12pc) 21pc

**CITIBAN(** 

U.S.\$30,000,000

SUMITOMO HEAVY INDUSTRIES, LTD. (Incorporated with limited liability in Japan) Guaranteed Floating Rate Notes Due 1984



Unconditionally guaranteed as to payment of principal and interest by

THE SUMITOMO BANK, LIMITED

(Incorporated with limited liability in Japan) In accordance with the provisions of the Notes and Agent Bank Agreement between Sumitomo Heavy Industries. Ltd. The Sumitomo Bank, Limited and Citibank, N.A., dated 5th September, 1979, notice is hereby given that the Rate of Interest has been fixed at 131% p.a. and that the interest payable on the relevant Interest Payment Date, 15th March, 1982, against Coupon No. 10 in respect of U.S.525,000 nominal amount of the Notes will be U.S.5843.75.

14th December, 1981 By: Citibank, N.A., London, Agent Bank

INSURANCE

# Life offices fear changes on liabilities may be too stringent

THE FINAL steps to keep company's funds, and expenses. traditional life companies away from financial trouble came a on mortality, stating that the element of equity or property few days ago, when the Insuractuary must use published investment, which is always ance Companies Regulations mortality tables. But he is more subjective than assessing principles under which life expected future trends or his intersect stock company liabilities are assessed for solvency purposes.

This move brought an immediate reaction from the Life tions mortality is a much less Offices Association and the important part of the equation Associated Scottish Life Offices. than the interest rate used in They said the principles could prove too stringent and would force life companies to over- more specific, and lay down reserve, to the detriment of guidelines and limits to what policyholders and shareholders. the actuary can assume. Life companies have large numbers of contracts on their books providing various levels the current yield on the exist-of guaranteed benefit payable ing funds with the expected over as long as 50 years. The yield from investing future cash rectuary has to place a value on flow. The regulations set out these liabilities and to check how the actuary determines

company is solvent. ance was established, actuaries have been omnipotent. No asset. Thus for a gilt, the most outside body has tried to secure of all investments, with instruct the actuary in his a market yield of say 13 per cent, the actuary has to use the secure of all investments and instruct the actuary in his a market yield of say 13 per cent in his of his responsibilities. These 12.025 per cent in his regulations mark the end of calculations.

liability value on the discounted cash flow princple, for three maior elements-mortality, the rates

own company's experience. Actuaries in practice do just

this, and under modern condithe discounting process.

Here the regulations are much In determining the interest rate, the actuary has to blend

the current yield on the existagainst the assets held in the both the current and future life funds to ensure that the life yield. On the current yield, he has

For more than 200 years, to take a 7.5 per cent margin since "scientific" life assurance was established, actuaries tive of the security of the

Secondly, he has to disregard The actuary assesses the the risk element in the market yield before making his discount. So he must adjust down the yield on an unesecured loan stock which will offer a higher of interest which will be earned return than a risk-free governon the various parts of the ment bond.

This could pose all kinds of The regulations are relaxed problems in assessing the risk

In other words, the actuary is being told what margins to take when ascertaining the present yield on the fund. But

it does not stop there. The regulations state specifically that on yields from future investments, the actuary must not assume a before tax yield of more than 7.2 per cent on investments being made more than three years from the valu-

ation date. The Life Offices Association feels these restrictions could be too stringent in times of high investment returns. By holding down the rate of interest, an actuary may assume they will lead to a higher liability value

than would otherwise emerge. These regulations impinge on the professional responsibi lities of the actuary. One might have expected complaints from actuarial professional the bodies-the Institute of Actuaries in London and the Faculty of Actuaries in Edinburgh.

But the regulations were pro-duced after years of talks between the Department of Trade, the Government Actuary and a committee from the institute and faculty. The Life Offices' Association was not involved until a late stage

#### **BUSINESSMAN'S DIARY**

#### UK TRADE FAIRS AND EXHIBITIONS

Date Jan 3-7 Giftware Show (0272 848598) International Toy Fair (01-226 6653) Stationery Industry Exhibition—STATINDEX (01-Jan 9-14 Jan 10-13 Jan 20-27 HOTELYMPIA (021-705 6707) ..... Ideal Homes, Food, Trades and Leisure Exhibition (0243 781275) Leathergoods, Luggage and Handbag Fair (01-407 Jan 24-27 ..... 1582)

Jan 30-Feb 3 ..... British Toy and Hobby Fair (01-701 7127) Feb 1-4 Photography at Work Exhibition (01-888 7788) ...
Feb 7-11 International Spring Fair—Gifts (01-855 9201) ...
Feb 9-12 Information, Technology and Management Exhibition and Conference (01-647 1001)

Feb 10-12 Western Building Show (01-643 8040)

Feb 10-12 Ceramic Tile Exhibition and Conference—TILEX (01-450 0466) (021 705 6707) ......

Grosvenor House, W1 Olympia

Kensington Exhibition Centre Exhibition Centre, Harrogate NEC, Birmingham

Winter Gardens, Eastbourne

Barbican Exhibition Centre Exhibition Centre, Bristol

Wembley Conference Centre Earls Court

	-
OVERSE	AS TRADE FAIRS AND
Current	Shipping and Marine Transportation Exhibition— MARINTEC (08833 6155) (until Dec 16)
Current	International Handling Equipment Exhibition (01-439 3964) (until Dec 16)
Dec 16-21	International Electrical, Electronics and Engineering Exhibition—INDEXEL (01-540 1101)
an 8-14	International Showmen's Fair—SCHAUSTELLER (01-409 0956)
Jan 11-14	Middle East Food and Equipment Show—MEFEX (01-486 1951)
an 14-25	Boat Show (01-439 3964)
an 22-31	International Commercial Motor Show (02298
	11 11)
an 24-28	Middle East Construction Exbn. and Conference (01-935 8200)
an 25-31	Do-it-yourself exhibition—KARWEI (01-486 1951)
an 29-31	International Boat Show (01-486 1951)
eb 5-14	International Boat Show (01-486 1951)
eb 10-13	International Trade Fair for Household Appliances,
•	Fittings and components—DOMOTECHNICA
	_ 100 200 0000/
eb 13-16	International Trade Fair for Watches, Jewellery and
eb 15-18	Silverware—INHORGENTA (01-486 1951) Middle East Machine Maintenance, Light Engineer- ing and Handling Show—MEM (01-486 1951)

**EXHIBITIONS** 

Shanghai Paris Athens

Dusseldorf Bahraic

Utrecht

Cologue Munich

Bahrain

#### DUCINESS AND MANAGEMENT CONFERENCES

BUSINES	S AND MANAGEMENT CO	
Dec 14	Ron Clements Associates: Process Communication Model (Byfleet 43301)	В
Dec 14-15	FT Conference: World Banking (01-621 1355)	r. U
Dec 15	ESC: Recovering debts at home and abroad (057282 2711)	A
Dec 19-23 .	Abdullah H. Tariki: Saudi Arabia—the manage- ment challenge (Brussels 322 538 9114)	T
Jan 11-12	Institute of Personnel Management: The Secretary in Personnel Management (01-946 9100)	ν
Jan 11-13	The University of Leeds: Textile design in the eighties conference (0532 35036)	L
Jan 19-21	Crown Eagle Communications: UK Government Contracts (01-636 0617)	C
Jan 20-21	FT Conference: World Coal Markets (01-621 1355)	li
Jan 25-29	London Business School: Management within the law (01-262 5050)	R
Jan 25-29	Manchester Business School: The Micro-chip Society—planning for the future (061-832	s
Jan 27-29	ESOMAR/EFMA: How research can help financial organisations communicate internally and	_
Ian 97.95	externally (01-251 4549) Meridian Conferences: Capitalise on Communica-	R
Jen 21-20	tions (01-670 5400)	В
Jan 28	Dun and Bradstreet: More Effective Collection Techniques for Credit Controllers and Super-	
	Visors (01-247 4377)	C
Jan 28	Marketing Society: Media—The Inside Track	P
Feb 1-3	(01-543 5191) Metal Bulletin Congresses: Middle East Metals	P
	200 Minatals (01.633 0595)	D
reo 1-2	The Institution of Mining and Metallurgy World Oil	
	Mining Symposium (01-580 3802)	M

Basil Street Hotel, SW3 Grosvenor House, W1 Mount Royal Hotel, W1

Whites Hotel, W2 Leeds

Churchill Hotel, W1 Regents Park, NW1

Selsdon Park

Bowaler Conference Centre,

Café Royal, W1 Piccadilly, W1

Dubai

Mount Royal Hotel, W1 Tower Hotel, Ei

Offshore South East Asia Conference (01-546 5144) Singapore

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

#### **Financial Times Conferences**

Oyez: Company Finance for the Executive Secre-

tary (01-242 2481) ... IPS: Energy (0990 23711)

WORLD COAL MARKETS

Feb. 4

London - January 20 and 21, 1982

The main prospects for coal investment will be discussed in a section of the Conference featuring papers by Mr Garnet T. Page, President, The Coal Association of Canada; Dr G. K. T. Chiepe, Botswana Minister for Mineral Resources and Water Affairs; Mr Jorge E. Cock L. President, Carbocol SA. Colombia; Mr B. Kanungo, General Manager, Coal India Limited; and Mr D. S. Carruthers, Managing Director, Pacific Coal Pty. Limited, Australia.

THE SEVENTH PENSIONS CONFERENCE

London — February 3 and 4, 1982 This conference will provide an opportunity to debate the Government's proposals to cut the rebate to companies contracting out of the State earnings-related scheme and for participants to make their views known. Mr George H. Ross Goobey, former President, National Association of Pension Funds and The Rt Hon Lord Byers, OBE. Chairman. Company Pensions Information Centre will take the Chair during the two days.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FTCONF G Cables: FINCONF LONDON

Particulars of the Notes and the Company are available from Extel Statistical Services Limited and copies may be obtained during normal business hours on any weekday, (Saturdays and public holidays excepted) up to and including 31st December, 1981 from the Brokers to the issue:-

City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

Hambros Bank Limited

Dresdner Bank Aktiengesellschaft

Merrill Lynch International & Co. Skandinaviska Enskilda Banken

14th December, 1981

JOINT COMPANY ANNOUNCEMENT HULETTS CORPORATION LIMITED (HULETTS) MONDI PAPER COMPANY LIMITED (MONDI)

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED (AMIC)

ACQUISITION OF HULETTS PAPER LIMITED BY MONDI

The boards of directors of Ruletts and Mondi announce that they have reached agreement in principle in terms whereof it is proposed that Mondi (a 62.7 per cent subsidiary of Amic) should acquire the entire issued share capital of Huletts Paper

Limited (Hulpaper). Hulpaper is held as to 70.0 per cent by Huletts and 30.0 per cent by other shareholders. by other shareholders.

It is expected that the effective date of the proposals will be April 1, 1982. The purchase consideration payable will be R32 million to be settled by the issue of 32 million 10 per cent redeemable preference shares at R1 each in Mondi. The preference shares will be redeemable in three equal instalments on April 1 in each of the years 1987, 1988 and 1988. In addition the sellers will receive a final dividend from Hulpaper which is expected to be R2.5 million in respect of the financial year ending on March 31 1982, and a special dividend of R3 million. These dividends will be paid on the effective date. Hulpaper operates paper mills at Felixton in Natal and Piet Retief in the Eastern. Transvasi and it manufactures and sells materials used mainly in the manufacture of

Transvaal and it manufactures and sells materials used mainly in the manufacture of corrugated boxes. Raw materials include bagasse, timber and waste paper.

In terms of the proposals, Huletts will retain its timber plantations and enter into supply agreements with Hulpaper for timber and bagasse. In this way Huletts will secure an outlet for these products and Mondi will have an assured source of supply.

The Hulette the decision to dispuse of the paper determine a point of the paper. For Huletts the decision to dispose of the paper interests avoids having to spend substantial amounts to modernise the paper mills. The earnings on this additional investment would have been relatively unattractive whereas the cash flow from dividends received from Mondi's preference shares will be approximately the same as the ordinary

dividends received from Hulpaper in the financial year ended March 31 1981.

The transaction is expected to have only a marginal effect on the earnings and net asset values per share of Amic and Huletts. 9 굍

December 14 1981...

CREDITS

## Credit Foncier loan increased after favourable response

BY PETER MONTAGNON

FRANCE LAST week dealt a access to domestic deposits in resounding rebuff to those of its critics who argue that the country's credit rating has slipped since the election of a Socialist Government in June. The State-owned mortgage

Credit Foncier, was able to finalise terms on a large eurocredit which were even more favourable than those originally indicated. Moreover. the response has been so positive that the amount of the borrowing seems set to be increased to at least \$250m from the originally planned \$200m.

The operation is the first by a French borrower to incor-porate a margin over U.S. prime rate in its pricing, a technique so far shunned by France because the prime rate is considered too expensive in terms of overall interest cost.

But the margin over primeper cent over eight years— is the lowest ever seen on an internationally syndicated medium term credit. In an unprecedented step, the banks involved have also agreed to allow the borrowers, not lenders, to choose whether funds will be made available at rates over Libor or over U.S. prime

Credit Foncier has simply undertaken to draw an average of 45 per cent of the funds over prime rate throughout the life of the credit. Its choice as to the riming of such drawings will depend on the relative relationship of prime and eurocurrency rates, so that it will be able to avoid borrowing over prime when that rate is much higher than other rates as is the case

rency rates will bear a margin that discussions on general of I per cent and there will be Japanese participation in this a management fee of 1 per cent. giving a weighted average yield the Ministre's overall policy of some 0.43 per cent, which itself is very fine pricing for today's market conditions.

Nonetheless, the amount was banks who were the only ones (BNP) which is the agent. The other mandated bank was Manufacturers Hanover Trust. Bankers close to the deal said that non-U.S. banks with New York were disappointed to be excluded and it now appears that resistance to a recent standby credit for Electricite de France rested more with its traditional structure than with concern over French credit

rating.
The Credit Foncier deal, unlike most other French borrow-ings, which are standby credits offering a slim commitment fee, represented a determined effort by France to attract U.S. banks back into French loans after they had been deterred in the past by the low margins offered over Libor. The credit will be fully drawn down 45 days after

signing. The French operation was the major talking point in the Eurocredit market last week. Little other new business was reported although the African Development Bank was widely understood to be seeking \$200m, half of which would be made available in Special Drawing Rights, the currency basket of the IMF.

Some evebrows were raised. however, by news that Japan's Ministry of Finance had refused to permit Industrial Bank of Japan to participate as a lead manager in the current \$120m credit for Portugal's State development bank, led by Manufacturers Hanover and Banco Espirito Santo.

This credit bears a margin of only 1 per cent for the first two years rising to ! per cent for the remaining six. The Ministry's action immediately armsed sympletons that it was taking a jougher line on Japanese participation in low margin Funds drawn over eurocur- credits, but it is understood credit are still continuing and remains rather ill-defined.

Yugoslavia's mans to gaise a major Europredit this year have now run into severe delays. quickly subscribed by U.S. Officials in Belgrade said last week that the amount was invited to join the loan except likely to be reduced to some for Banque Nationale de Paris \$200m to \$300m from an original target of \$400m. The loan was unlikely to be completed before January, they said, and the margin was still INTERNATIONAL BONDS

#### BY ALAN FRIEDMAN GERMAN CREDIT MARKETS Snow chills the market's bones

almost precisely in line with the snowy conditions which des-cended on London and neigh-bouring counties. The snow came down nearly every day, and so did Eurobond prices.

Eurodollar bond prices were marked down by about two points by a nervious market, the six-month Eurodollar deposit rate rose nearly two points to close at 141 per cent on Friday. dealers reported large quantities of unplaced paper, and several issues went through major coupon changes to reflect the deterioratine market.

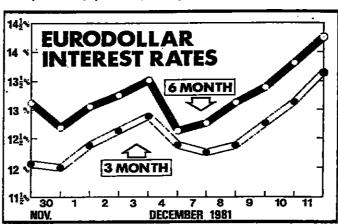
The week's difficulties were most severe in the Eurodolla-sector, but confidence was also waring in the Deutsche Mark and Swiss franc foreign bond In the Deutsche Mark foreign

bond sector, traders watched a weakening New York bond mar-ket, a decline in the strength of the Deutsche Wark against the U.S. dollar and a lack of buoy-ancy in the domestic Deutsche Mark bond sector-and the result was a lowering of Euro Deutsche Mark bond prices by about a point on the week.

failed to materialise last Wed-

THE CLIMATE of Europe's "close monitoring of market announced its cut in the discapital markets last week was conditions." announced its cut in the discount rate to 12 per cent.

Friday also saw the launch The decline in prices-a 31 of a DM 300m 10-year bond for point fall over the past fortnight Australia. The paper carries—has still not wiped out the a coupon of 93 per cent, the gains of the November rally.



lowest coupon in six months. Priced at par, the Australian bonds were trading at 991 on Friday, a good performance but understandable given the quality of the borrower.

There were very few star per-A DM 100m 10-year issue for formers in the Eurodollar National Westminster Bank sector. The rally looks as though it is finally over. nesday; it had been scheduled although some in the market for launch on the D-mark would prefer to speak of conforeign bond calendar. The issue appeared on Friday with a 91 per cent coupon through WestLB and a Natwest spokes man attributed the delay to a proved only once, when the Fed

when Eurodollar bond prices jumped by nearly eight points, yet the spirit of the rally has faded. As the rally has faded, the retail buyer has become in-

All this could indicate a rather shaky start to 1982. The market's current uncer-

of recession statistics from the

the professionals as the only participants sustaining new

that institutional investors are closing up shop for Christmas.

atmosphere has had an un-pleasant effect on a number of new issues. Last week saw the \$125m Nova deal cut to \$100m and the coupon increased from and the coupon increased from 15‡ to 16‡ per cent. Lead-managers Union Bank of Switzerland and S. G. Warburg described the move as a need to be "realistic." At UBS, a senior executive admitted the

Nova was trading in the 96 to 97 region on Friday—not at all healthy, but a lot better than other new issues. The \$50m Cummins Engine bonds (15) per cent coupon) were trading in the 92 to 93 region and the \$50m Imasco paper (coupon increased from 15½ to 15½ per cent) traded in the same region

Other issues recently launched ranged in price from

In Switzerland the outlook is less bleak and prices of foreign bonds were off less than a point last week. Today sees the launch of a SwFr 100m 10-year issue for NYK Lines, the

The -Euromarket's lacklustre

interest rates from the back of offer had not been selling well.

on Friday.

94 to 97, reflecting the jittery spirit of the market. The most which traders can now hope for is a stable period over the next two working weeks-and then creasingly abstemious leaving a good Christmas holiday.

tainty stems partly from the Japanese shipping company. burden of new issues, partly Credit Suisse is expected to from the lack of a steady diet lead-manage this issue, which is not going to be convertible.

when the central bank can relax its monetary policy and so remove the burden of high

a groaning German economy. a groaning German economy.

But as their decision two
weeks ago to cut "special Lombard" rate by only ! per cent
to 10! per cent showed, Herr
Pohl and his colleagues reluctantly believe, that the day for a bold change in monetary policy is still some way off. Events in Poland over the weekend have underlined the wisdom of this decision; throughout the Polish crisis the

> sensitive to developments there. Interest rates in the Federal Republic have come down quite sharply in the past two months. At the long end of the bond mraket (in Germany "long" means ten years to maturity rather than 30 years as in the U.S.) yields have fallen from post-war record peaks of over 11 per cent at the end of August to around 91 per cent. Overnight money, after cuts in the special Lombard rate in early October and at the begin-

D-Mark has been extremely

10 per cent.
Yet the Bundesbank now

ning of December, is trading at

Lower rates are still far away

HERR KARL OTTO POHL, feels it has used up the room president of the Bundesbank, for manoeuvre offered by a is as eager as West Germany's marked improvement in the trade union leaders for the day marked improvement in the current account and the easing of rates in the U.S.

The cuts leave its monetary policy still in an essentially restrictive stance. The yield curve remains inverse, with short-term rates higher than long term rates

long term rates
After their experiences in
the past two years most of the
banks are in no condition to take gambles on offering long-term loans in the hope of refinancing them more cheaply later. Real interest rates, moreover, are still positive, well

above the 61 per cent inflation In spite of the domestic recession, Germany could end 1981 with the highest inflation figure since 1974. Until it can see whether the unions will settle for wage increases sig-nificantly below the anticipated 1982 inflation rate of 5½ per cent, the Bundesbank is likely to waint to avoid bold curts in

domestic rates. The Bundesbank will be under pressure to ease its policy as unemployment rises from the current 1.5m to a projected 2m in the New Year.
Occasional small cuts in Lombard rate may keep this pressure from boiling over.

#### **CURRENT INTERNATIONAL BOND ISSUES**

Borrowers ·	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %	Borrowers	Amount	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS								D-MARKS							
Texas Eastern‡	75	1988	6	15#	100	Dillon Read, SBC	15.875	Konishiroku§1	100	1990	8 <del>1</del>	6	100	West LB	6.090
Western Mining‡	50	1988	7	15 <del>1</del>	99 j	S.G. Warburg	15.683	Eurofima**	50	1986	5	93	100 <del>1</del>	BHF Bank	9.685
PKbanken†‡	50	1991	10	20	100	PKB Investments	5.000°	Australia‡	300	1991	10	92	100	Deutsche Bank	9.375
Mitsubishi Electric§‡	80	1996	15	51	100	Daiwa Europe	5.750	Nat. West.‡	100	1991	10	97	100	West LB	9.875
Sakai Heavy Industries§‡	15	1996	15	5} `	100	Nikko Secs., DBS Daiw	72	Finnish Municipal Loan	60	1991	8	10		BHF Bank	•
				_		Secs. Intal.	5.833	Talyo Yuden§	40	1937	6	6	130	Bay. Vereinsbank	6.000
Imasco‡	50	1988	7	15 <u>†</u> 5 <u>‡</u>	991	Wood Gundy	15.622				<del></del>	<del></del> -			
Tokyu Stores§‡	25	1996	15		100	Nomura Secs.	5.750	SWISS FRANCS							
Alcoa‡	50	1988	7	16	100	CSF8	16.000	Descente§**‡	20	1986	_	. 6	700	UBS	6.000
JVC§†	100	1997	15	5	100	Yamaichi, Nomura	5.063	Denmark1	100	1997	_	7 <u>1</u>	103	UBS	7.250
Nova‡	100	1988	7	16≟ 15≟	991	UBS. SG Warburg	16.375	lbigawa§**‡	20	1987	_	· 61	100	SBC	6.725
Pacific Gas and Electric‡	60	1982	7	154	100	CSFB	15.750	Pemex**	75	1936	_	81	*	SEC	*
Statsforetag‡	50	1986	5	15}	99 <u>i</u>	Hambros, PKb., CSFB	15.979	Anritsu Electric§**	30	1987	_	4	100	SEC	
World Bank††‡	250	1934	5	14§	100	Morgan Stanley	14.625	E'ectricite de France	100	1591	_	7		53C	•
World Bank+++	250	1088	7	15	700	Morgan Stanley	15 000	Transcanada Pipelines**1	50	1939		71	100	UBS	7.250
World Bank††‡	100	idel	16	751	991	Morgan Stanley	15.175	Telefonica de Espana**:	75	1987	=:	e ·	108	UBS	8.000
Alcan Australia†‡	75	1989	7	60	100	SBC Intl.	6.000Ф	<del></del> -				<u>-</u>	- 100		
CANADIAN DOLLARS						<del></del>		YEN							
Societe d'Hab. du Quebec	İ 50	1987		15 <del>}</del>	100	Carlata Cara al	17 700	Phi'ippines‡	15bn	1991	8.	. 8.9	991	Nikko Secs.	8.944
CIBC‡	+ 30 75	1988	7	151	100 991	Societe Generale	15.500	W							
Union Carbide!	75 50	1988	<u>'</u>	16		Hambros, CIBC	15.870	KUWAITI DINARS						· ·	
Gillou Carpidet	30	1700	,	10	100	Wood Gundy	16.000	Asian Development Bank*	*‡ 15	1991	7	70	90	KIC ·	11.752
				•	Not yet po	Registered with U.S. Securi	ties and Ex	† Floating rate note. © Minimu change Commission. ¶ Purcha Pculated on AIBD basis.	ım. § Cor ase Fund.	nvertible.	٠.	. :			

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.

\$50,000,000

#### Armco Overseas Finance N.V.

15%% Guaranteed Notes due December 1, 1986

Unconditionally Guaranteed as to Payment of Principal and Interest by

Armco Inc.

Goldman Sachs International Corp.

Crédit Lyonnais Deutsche Bank Aktiengesellschaft

Kleinwort, Benson Limited

Nomura International Limited

Swiss Bank Corporation International Limited

Credit Suisse First Boston Limited

Lloyds Bank International Limited

December 14, 1981

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.

\$100,000,000

# Household Finance International N.V.

15% Guaranteed Notes due December 1, 1988

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by

Household International, Inc.

Goldman Sachs International Corp. Dean Witter Reynolds Overseas Ltd. Smith Barney, Harris Upham & Co. Incorporated Banque Bruxelles Lambert S.A. Banque de Paris et des Pays-Bas

> Crédit Lyonnais Deutsche Bank Aktiengesellschaft Kleinwort, Benson Limited **Orion Royal Bank Limited**

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

December 14, 1981

This announcement appears as a matter of record only



MONTEDISON S.p.A. US\$75,000,000

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- SFE GROUP -THE DEVELOPMENT BANK OF SINGAPORE LIMITED

- LONDON BRANCH -GENOSSENSCHAFTLICHE ZENTRALBANK A.G.

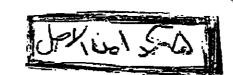
- VIENNA -INTERNATIONAL ENERGY BANK LIMITED

THE NATIONAL BANK OF KUWAIT S.A.K. BADISCHE KOMMUNALE LANDESBANK INTERNATIONAL S.A. BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA

- LONDON BRANCH -**BANQUE VEUVE MORIN-PONS** 

STANDARD CHARTERED BANK LIMITED





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ites an US CREDIT MARKETS

# Fresh uncertainty as money supply figures jump

BY DAVID LASCELLES IN NEW YORK

THE UNPLEASANTLY large deficit had begun to grap injump in the two key money Federal Reserve last Friday night completed an already bad week for the U.S. credit markets, and raised fresh questions about where they go next.

The Fed's report, for the period ending December 2, showed the weekly M1-B figure up \$4bn — far more than Wall Street had expected. Although this is still below the Fed's 1981 target, traders were alarmed by the fact that M1-B has jumped in four of the past five weeks and — over the short term has shown a surprisingly strong rate of growth which is hard

#### Inventory finance

The Fed's willingness to accommodate the banking system's need for extra funds last month may have had something to do with it. Business loan demand has also been strong, possibly to finance inventory accumulated because of the recession. One school of thought even sees this as evidence that

the recession is bottoming out. M2, the monthly figure, was up \$24.6bn, which was also more than expected. But the strength of this broad measure can be explained by the rise in personal savings and money market funds which are included in it.

For Wall Street, the MI-B increase provided some due to the Fed's reluctance last week to encourage a further decline in short-term interest rates: The Feds funds rate, which holds the key to the market at the moment, stuck stubbornly in the 12 to 121 per cent range and prevented the rest of the credit makets from making any headway. Traders had been hoping to see it pierce the psychologically important 12 per cent barrier and bring down their

carrying costs. The money supply numbers knocked more than a point off bond prices: The long treasury
bond, which hit a high of 109
a few days ago, traded as low
as 1011 before pulling up
slightly. The market was
especially vulnerable because
especially vulnerable because
Viable supply (\$bn)
Source: Solomen Bn fears about the looming budget

U.S. DOLLAR

CENTER OF THE PARTY OF THE PART

jump in the two key money vestors again. The report supply figures announced by the leaked from the White House, suggesting that the administration is working on deficit assumptions far greater than it has ever publicly admitted, sent shudders through the market, though the figures themselves (\$100bn plus in 1982) are in line with Wall Street thinking. Last week's upset will probbably spill over into the early part of this week, at least until the picture becomes clearer.
Traders were predicting on
Friday night that borrowers
would probably stay out of the
market for a white.

Fortunately, the uncertainty should be short-lived. A welter of economic statistics due this week should indicate whether the jump in the money supply is indeed signalling an eco mic recovery — which would be bad news because it would rekindle credit demand. The figures will cover manufactur-ing and trade (today); industrial production and housing starts (Wednesday); personal income and capacity utilisation (Thursday); and confirmation of third-quarter GNP (Friday).

#### Issues cancelled

Last week's market setbacks forced th cancellation of many planned debt issues, making it a much lighter calendar than expected. The World Bank sold a three-part \$600m issue consisting of \$250m of five-year notes yielding 141 per cent, \$250m of seven-year notes yielding 15 per cent, and \$100m of ten-year notes yielding 15.172 per cent. The only other major issue was \$400m of original issue discount bonds from Tenneco, the large energy company. which carried a coupon of only 6 per cent, but was priced at around 40 to yield 15 per cent to maturity in 30 years.

> U.S. INTEREST RATES (%) Week to Week to Dec 11 Dec 4

1034, 1035, -04, -15, 16.14

# Costa Rica tells bankers of need to finance interest

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

need help to finance interest payments on its \$2.70n external debt even if they agree to defer repayments of principal.

This stark message was relayed to a small group of international bankers who met with Costa Rican Finance Minister, Sr Emilio Garnier, as banks) of \$87m in the final late last week in New York for what one participant described as "the first serious talks on the rescheduling problem."

Costa Rica asked for its debt like to pay this money but does repayments to be deferred not have the resources available. through a rescheduling agree. Late last week it was reported ment last summer after its to have missed a \$4m interest to have m

COSTA RICA has told its inter- cided to shelve discussion of the Rican officials argued that they national bankers that it will still bond issue controversy and con- have already eliminated all but centrate on more general problems surrounding the rescheduling. Interest payments then surfaced as a central problem. Costa Rica faces interest pay- period of 1980.

ments to all its foreign creditors (including governments and multilateral institutions as well quarter of this year. For all of next year the payments total an estimated \$233m. It told the banks that it would

\$130m in outstanding bond issues would be included in any interest payments being maintained, possibly through further

essential imports, pruning the country's trade deficit to \$190m in the first 10 months of this year from \$390m in the same

The two sides are to mee again in mid-January at which time it is hoped that some compromise arrangement will begin to emerge between a Costa Rican request for all maturities up to 1985 to be rescheduled and a commercial bank proposal to reschedule only maturities falling due up till the end of 1982.

More than half Costa Rica's total debt is owed to commercial banks. They were represented at the talks by a steering committee comprising Bank of America, Bankers Trust, Chase Manhattan, Citibank, Industrial Bank of Japan, Lloyds Bank International, Marine Midland, Royal Bank of Canada, Security Pacific, and Wells Fargo.

#### Grupo Alfa | worse than feared

By William Chislett in Mexico City

GRUPO INDUSTRIAL ALFA, Mexico's largest private concern, which was recently rescued by the State with a Peso 12bn (\$480m) package, told its bankers at a mass meeting in Houston, Texas, over the weekend, that its net profit this year will be Pesos 57m (\$2.1m). a massive 98 per cent drop over 1980.

This is much worse than Alfa had been previously estimating. Only two months ago, it said that it was expecting a 50 per cent drop in profits

At the same time, Alfa's new managing director, Sr Rafael Paez, told representatives from over 100 banks that next year he wanted to convert about \$228m of Alfa's \$650m short term debt into long term debt. in order to ease the cash flow problem. He denied that Alfa needed to re-schedule its total \$1.7bn debt with foreign banks. management,

# SICMU declared bankrupt in Turin

BY RUPERT CORNWELL IN ROME

THE DIFFICULTIES of Turin, Manwhile, the already

concerns of its kind in Italy, to a workers' takeover. pliers and contractors. Its troubles began earlier

industry which dominates the established for about two months.

The Turin court rejected an application by Sig Majoceo for lines will stand idle for four SICMU to be placed under mouths of next year and at least, government-sponsored special

the capital of the Italian serious tensions of the Italian engineering industry, deepened chemical industry have mounted yesterday when a city court further. The management of leclared the bankruptcy of the Montedison chemicals plant SICMU, machine tools leasing at Brindisi in Southern Italy company, the cornerstone of the has abandoned the premises. group run by the industrialist declaring the high density Sig Gianfranco Maiocco. SICMU, one of the biggest able "following what amounts

controls an annual business of Montedison wants to shut round L130bn (\$110m). It down the plant entirely, which directly employs 1,600 people once employed 4,500. Around and in good measure underpins a half of the workforce have a further 6,000 jobs among sup-effectively taken over the plant in protest against the company's

this year, and reflect the diffi- Sig Ettore Massacesi, the culties in Turin, and the car president of Alfa Romeo, said on Saturday that the company local economy. Its liabilities are had no future and that a reported at about L20bn aldrastic paring back of labour though they will not be fully and production would be introduced in 1982 cutting output by one-third. AP reports from 6,000 workers are to be laid off

for all 12 months.

#### **Promotions in** Procter and Gamble Europe

• Mr Harald Einsmaun, currently division manager- international of PROCTER AND GAMBLE, whose responsibilities include operations in the UK, has been elected vice-president Northern Europe. Mr John Marsden, currently division manager-international, has been elected vice-president Southern Europe. Both are based in Brussels. Mr William D. McHardy, currently division manager, Germany, has been elected vice-president Germany. based at Schwalbach am Taunus. Both Mr Marsden and Mr McHardy began their careers with Procter and Gamble in the All three take up their

ARAB INSURANCE GROUP (ARIG), a \$3bn joint venture between Libya, Kuwait and the United Arab Emirates which went into insurance operations from Bahrain in July, has appointed Mr Ali al Bedah as president and chief executive, Kuwaiti, currently holds the of executive vicepositions

new posts on January L

• Mr James R. Lambrix has been named executive vice president of THE M. W. KEL-LOGG COMPANY, Houston, with vilities for workiwide



Mr James R. Lambrix

contract operations, worldwide technology operations, and world-wide subsidiary operations. The company is a subsidiary of Wheelabrator-Frye Incorporated of Hampton, New Hampshire tration, and acting executive SANDOZ, Basic-based parent vice-president insurance opera- company of the Sandoz Chemical concern, has reorganised its

#### INTERNATIONAL APPOINTMENTS

central management with effect from January 1. Dr Hansrodolf Gygax will head the newly-created unit "parent-company personnel and central services," to include publicity, legal, patent, trade-mark and all Basie personnel services. Dr Alexander committee Jetzer will be in charge of the combined unit "finance and economic affairs." From April 1, Japuary 1. Dr Hans Widmer, currently a partner of McKinsey and responsible for the recent cor-

porate cost analysis programme at Sandoz, will take over the new unit "technology and group strategy." • Mr Leonard A. Caldwell, senior vice-president, who was based in London for two years as PENNSYLVANIA European division BANK'S

head, has been promoted to head of the international group of the bank. He replaces Mr J. Bartow McCall who has taken up a post in the chairman's office. Mr Caldwell will be based at the bank's head office in Philadelphia.

 Mr Rudolph Agnew, deputy chairman and group chief execu-tive, of Consolidated Gold Fields and Mr David Lloyd-Jacob. chairman and chief executive officer of Ameon Group, Inc and a managing director of Con-solidated Gold Fields, have joined the board of NEWMONTI MINING CORPORATION, U.S. Following an extraordinary meeting of Consolidated Gold Fields, Mr Plato Malozemoff, chairman and chief executive officer of Newmont Mining Co. poration, has been appointed to the board of Gold Fields.

6 Mr B. Pfenninger is to become a member of the management SCHRODER BANK, Zurich, on

Mr Jean-Pierre Beguin, chair-man of the Swiss watch-component trade association UBAH, has, together with Mr Erwin Bernheim, chairman of Mondaine Watch, and Mr Paul Mueller, management chairman of Swiss Aluminium Company. been elected to the board of the Blenne - based ALLGEMEINE SCHWEIZERISCHE UHREN-INDUSTRIE AG ASUAG, Switzerland's leading watch company. At the same time, Mr. Laurent Carrel, Mr Jean-Jacques Mayor and Mr Philippe Stern

have left the ASUAG board. 6 Mr Langevin Cote has been appointed manager, communica-tions, and public affairs, BANK OF MONTREAL.

Mr Peter Callan has been appointed managing director of COMPUTER AUTOMATION'S Inish subsidiary in Cooleck, Dublin. He joins from Westinghouse. Mr Richard Harding has been appointed European financial cial controller with overall responsibility for finance and administration. He joins the administration. He joins the company from Memorex. DETROITBANK CORP. and Mr Robert D. Botier has been law.

Detroit Bank and Trust, its appointed managing director of principal subsidiary, has prothe SAUDI AMERICAN BANK, moted to executive vice-president. He succeeds Mr Michael A. Mr Manowh (Buck) Kisor, Jr., trust investment, and Mr Cleveland Thurber, Jr., trust administration.

Mr Robert L. Barbaneli has joined BANKERS TRUST COM-PANY, New York, as a senior vice-president and deputy head of the corporate financial services

© Dr Hans-Peter Schaer, a mem-ber of the executive committee of ClBA-GEIGY, Basic, has been given direct responsibility for the company's Airwick Group. At the same time, the Swiss include chemical company announces and that Mr H. Lippaner, currently develop head of the non-textile department of the dye-shiffs and chem-

Dr M. Ebner and Mr O. Holenweger have been promoted to managers of J. VONTOBEL AND CO., bankers, of Zurich, from January 1.

● Mr Norman Geary has been appointed chief executive of AIR NEW ZEALAND. His present position is regional CO-BP ordinator—Europe International. for

He succeeds Mr Michael A. Callen, who has Citibank's New returned to York headquarters to take up a senior position in the corporation's treasury. Citibank has a 40 per cent shareholding in Saudi American Bank.

• Mr Stephen R. Petschek has services department. He was been named president and chief formerly president of the mancial officer of AMCON Ameon Group, an American GROUP, the North American subsidiary of Consolidated Gold Fields, from January 1. He has . been president of J. Henry Schroder Corporation, the U.S. investment banking arm of the Schroder Group, since 1971. At Amcon his responsibilties will include reviewing investments acquisitions. development, supervision senior personnel and control systems. He will serve as a icals division, will succeed Dr director of Ameon and its sub-division when Dr Luden retires at the end of January.

The Dr M. Koner and Mr O. Holen-the Direct Reduction Corporation.

> • From February 1 PR and marketing communications manager Mr Robert F. van Oosten will leave Borg-Warner Chemicals Europe to start his own advertising and PR agency. The new agency will be named PRvO COMMUNCATIONS, a limited company under Dutch

#### FT INTERNATIONAL BOND SERVICE

OTHER STRAIGHTS Issued Bid Offer day

APS Fin. Co. 174, 88	60	1031 1031 -04 -14 16.14
Armco O/S Fin. 154 86 Fr. Colum. Hyd. 164 88	444	99 99 <sup>1</sup> 2 - 0 <sup>1</sup> 2 - 1 <sup>1</sup> 2 15.59 102 <sup>1</sup> 2 103 - 0 <sup>1</sup> 2 - 1 <sup>7</sup> 2 15.54
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COR. MIT. KOU 144 9]	700	967 967 - 02 - 72 75.30
CATERDILLAR Fin. 167, 86	100	1024 1024 -04 -15 15.07
CIBG 10% 91	100	-025 1040 -02 -2 15 91
Citicorp Int. Fin. 15 86 Chicorp O/S 163 86	150	1004 1014 0 -04 14.65 1044 1044 -04 -2 15.36 1034 1044 -04 -24 15.94 1884 994 0 -14 14.89
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ConsBathurst 172 88 CPC Fin. 164 88	- 60	1021 1031 -02 -11 16.75 1041 1041 -02 -11 15.25 1041 1041 -02 -11 15.25 1041 -02 -03 16.73
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-E1B 1B4 88	100	1024 1034 0 -04 15.73
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GMAC O/S Fin. 16 85	150 300	
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New Brunswick 17 88 Newfoundland 174 89	60 60	1064 1065 -04 -15 15.73
- New & Lab. Hy. 174, 89	75	1031 1044 -04 -14 16.33
Onio Edison Fig. 175 88	. 75	1023 1027 -03 -04 16.78
OKG 154, 97 Pacific Gas Elec. 16 88	50 75	397 1007 107 107 107 107 107 107 107 107 1
PSNH Int. Fin. 17 86	30	11024 1024 -04 -04 16.15
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South California 144 88 Swed, Ex. Cred. 161, 93	100 50	99% 100% -0% -1% 14.69
Swed, Ex. Cred. 182 93	75	1014 102 -04 -14 16.16
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Austria Rep. of 8% 92 Belgelectric 11 91 CECA 10 91 Council of Europe 10 91	150 100 120 100	93 93½ 0 +1½ 9.24 101½ 102½ +0¼ -0½ 10.69
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Austria Rep. of 8% 92  Belgelectric 11 91  CCRCA 10 91  CRCA 61 91  EIB 10% 91  EIB 10% 91  EIB 10% 91  Finland, Rep. of 10 89  Int. Arm. Dv. Bk. 10 91  Jepan Air Lines 8% 90  Int. Arm. Dv. Bk. 10 91  Jepan Air Lines 8% 90  Mt. Bk. Finland 8% 90  Mt. Bk. Dramk. 10% 91  Mat. West. 11 91  OKB 10% 91  Venezuels, R. of 9% 90  World Bank 11 91  Average price chang  SWISS FRANC  STRAIGHTS  Asian Day, Bank 8 90.	100 120 100 200 200 100 50 100 100 100 125 150 150 150 150 150 150 150 150 150 15	93 934 0 +11, 9.24 101, 102, +01, -02, 10.99 102, 102, 0 -02, 10.99 102, 10.01, +02, 0 -02, 10.99 102, 10.31, 0 -02, -02, 9.57 100, 101, 102, 103, 0 -02, -02, 9.50 102, 103, 0 -02, -02, 9.59 102, 103, 0 -02, 0 -02, 9.89 102, 103, 0 -02, 0 -02, 9.89 103, 702, -03, 0 -02, 9.89 100, 702, -03, -03, -03, 9.86 96, -03, +03, +02, -03, 9.89 100, -03, -03, -03, -03, 9.86 96, -03, -03, -03, 9.86 96, -03, -03, -03, 9.86 96, -03, -03, -03, 9.86 96, -03, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, 9.86 100, -03, -03, -03, -03, -03, -03, -03, -
Austria Rep. of 8% 92  Belgelectric 11 91  CCOCA 10 91  CCOCA 10 91  CCOCA 10 91  CCOCA 10 91  EIB 10% 91  EIB 10% 91  EIB 10% 91  EIB 10% 91  Finland, Rep. of 10 89  Int. Arm. Dv. Bk. 10 91  Jepan Air Lines 8% 90  Int. Arm. Dv. Bk. 10 91  Jepan Air Lines 8% 90  Mt. Bk. Finland 8% 90  Mt. Bk. Dramk. 10% 91  Mat. West. 11 91  OKB 10% 91  Venezuels, 8. of 9% 90  World Bank 11 91  Average price chang  SWISS FRANC  STRAIGHTS  Asian Dev. Bank 8 90  BFCE 8% 91  Asian Dev. Bank 8 90  BFCE 8% 91  Religatority Fin. 7% 91	100 120 100 200 200 200 100 100 100 100	93
Austria Rep. of 8% 92 88 legelectric 11 91	100 120 100 200 200 100 50 100 100 100 125 150 150 150 150 150 150 150 150 150 15	93 834 0 +114 9.24 10.99 1074 1024 +04 -04 10.89 1074 1027 0 -074 10.99 1074 1074 1074 1074 1074 1074 1074 1074
Austria Rep. of 8% 92  Belgelectric 11 91  CCONSCI 05 1 91  CCONSCI 07 91  EIB 8% 90  EIB 10% 91  EIB 10% 91  EIB 10% 91  Finland, Rep. of 10 89  Ind. Bk. Finland 8% 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 7% 87  Midland Int. Fin. 8% 90  Mt. Bk. Dnmk. 10% 91  Nat. West. 11 91  OKB 10% 91  Venezuels. R. of 9% 91  Venezuels. R. of 9% 90  World Bank 11 91  Awarage price chang  SWISS FRANC  STRAIGHTS  Asian Dev. Bank 8 90.  BFCE 8% 91  Belgelectric Fin. 7% 91  Ber. de Autpolstate 8 90	100 120 100 100 200 200 100 100 100 100	93
Austria Rep. of 8% 92  Belgelectric 11 91  CCONSCI 05 1 91  CCONSCI 07 91  EIB 8% 90  EIB 10% 91  EIB 10% 91  EIB 10% 91  Finland, Rep. of 10 89  Ind. Bk. Finland 8% 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 7% 87  Midland Int. Fin. 8% 90  Mt. Bk. Dnmk. 10% 91  Nat. West. 11 91  OKB 10% 91  Venezuels. R. of 9% 91  Venezuels. R. of 9% 90  World Bank 11 91  Awarage price chang  SWISS FRANC  STRAIGHTS  Asian Dev. Bank 8 90.  BFCE 8% 91  Belgelectric Fin. 7% 91  Ber. de Autpolstate 8 90	100 120 100 200 200 200 100 100 100 100	93
Austria Rep. of 8% 92 Selgelectric 11 91 CCCA 10 91 CCC	100 120 100 100 200 200 100 100 100 100	93
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Austria Rep. of 8% 92 Selgelectric 11 91	100 120 200 200 100 50 100 100 40 100	93
Austria Rep. of 84, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  COUNCIL of Europe 104, 91  EIB 82, 90  EIB 104, 91  ESCOM 94, 87  Finland, Rep. of 10 89  Ind. Bk. Finland 82, 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 79, 87  Midland Int. Fin. 84, 90  Mt. Bk. Dnmk. 107, 91  Nat. West. 11 91  OKB 104, 91  Aslan Dev. Bk. 10, 91  Venezuels, R. of 94, 90  World Bank 11 91  Average price chang  SWISS FRANC  STRAIGHTS  Aaroport Paria 67, 91  Aslan Dev. Bank 8 90  BFCE 64, 91  Belgelectric Fin. 74, 91  Belgelectric Fin. 75, 91  Bell Canada 74, 93  Bergen, City of 64, 91  Dome Petroleum 74, 90  Franc, Petroleum 74, 90  Franc, Petroleum 79, 91  Int. Amer. Dv. Bk. 7 91  Int. Amer. Dv. Bk. 7 91  Japan Air Lines 74, 51	100 1220 200 200 100 100 100 100 100 100	93
Austria Rep. of 84, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  COUNCIL of Europe 104, 91  EIB 82, 90  EIB 104, 91  ESCOM 94, 87  Finland, Rep. of 10 89  Ind. Bk. Finland 82, 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 79, 87  Midland Int. Fin. 84, 90  Mt. Bk. Dnmk. 107, 91  Nat. West. 11 91  OKB 104, 91  Aslan Dev. Bk. 10, 91  Venezuels, R. of 94, 90  World Bank 11 91  Average price chang  SWISS FRANC  STRAIGHTS  Aaroport Paria 67, 91  Aslan Dev. Bank 8 90  BFCE 64, 91  Belgelectric Fin. 74, 91  Belgelectric Fin. 75, 91  Bell Canada 74, 93  Bergen, City of 64, 91  Dome Petroleum 74, 90  Franc, Petroleum 74, 90  Franc, Petroleum 79, 91  Int. Amer. Dv. Bk. 7 91  Int. Amer. Dv. Bk. 7 91  Japan Air Lines 74, 51	100 1200 2000 1000 50 0 1000 40 50 0 1000 60 0	93
Austria Rep. of 84, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  COUNCIL of Europe 104, 91  EIB 82, 90  EIB 104, 91  ESCOM 94, 87  Finland, Rep. of 10 89  Ind. Bk. Finland 82, 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 79, 87  Midland Int. Fin. 84, 90  Mt. Bk. Dnmk. 107, 91  Nat. West. 11 91  OKB 104, 91  Aslan Dev. Bk. 10 91  Venezuels, R. of 94, 90  World Bank 11 91  Average price chang  SWISS FRANC  STRAIGHTS  Aaroport Paria 67, 91  Aslan Dev. Bank 8 90  BFCE 64, 91  Belgelectric Fin. 74, 91  Belgelectric Fin. 75, 91  Belgelectric Fin. 74, 91  Belgelectric Fin. 74, 91  Dome Petroleum 74, 90  Franc, Petroleum 74, 90  Franc, Petroleum 74, 90  Franc, Petroleum 74, 91  I/S Elsom 87, 91  III. Amer. Dv. Bk. 7 91  III. Amer. Dv. Bk. 7 91  IJapan Air Lines 74, 51	100 1200 1000 1000 1000 1000 1000 1000	93
Austria Rep. of 82, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  Council of Europe 103, 91  CEGA 10   CEGA 103  C	100 1200 2000 1000 500 1000 1000 400 800 1000 800 8	93
Austria Rep. of 82, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  Council of Europe 103, 91  CEGA 10   CEGA 103  C	100 1220 200 200 100 100 100 100 100 100	93
Austria Rep. of 82, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  Council of Europe 103, 91  CEGA 10   CEGA 103  C	100 1200 2000 1000 500 1000 1000 1000 10	93
Austria Rep. of 82, 92  Belgelectric 11 91  CECA 10 91  CECA 10 91  Council of Europe 103, 91  CEGA 10   CEGA 103  C	100 1200 200 1000 50 1000 1500 1500 1500	98
Austria Rep. of 84, 92  Belgelectric 11 91  CCONnell of Europe 104, 91  CIRCA 10 91  CRICA 10 91  CRICA 10 91  CRICA 10 91  EIB 104, 91  EIB 105, 91  EIB 105, 91  EIB 105, 91  EIB 106, 91  Jepan Air Lines 84, 90  IntAm. Dv. Bk. 10 91  Japan Dev. Bk. 79, 87  Midland Int. Fin. 84, 90  Mt. Bk. Dnmk. 107, 91  Nat. West. 11 91  OKB 107, 91  CRICA 104, 91  Venezuels, R. of 94, 90  World Bank 11 91  Average prica chang  SWISS FRANC  STRAIGHTS  Aston Dev. Bank 8 90  BFCE 64, 91  Belgelectric Fin. 72, 91  Bell Canada 72, 93  Bergen, City of 64, 91  Dome Patroleum 74, 90  Franc, Petroleum 74, 90  Franc, Petroleum 74, 91  Int. Amer. Dv. Bk. 7 91  Japan Air Lines 74, 51  Neder. Gasunie 8 91  OKB 7, 91  OKB 7, 91  OKB 75, 91	100 1200 2000 1000 500 1000 1000 1000 10	93

1 Bid Offer day week Yield 98 100 0 -0-3 8.32 90% 517, +0% +17, 8.31 97% 58% 0 +0% 8.56 587, 59% 0 -0% 8.58 101 102 0 -0% 8.58 100 101 +0% 0 8.24

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171 88	. 100	1994, 994, 0 — 1½ 14.89 1024, 1034, — 0½ — 1¼ 16.75	Amro Bank 12 86 Fl 60 1014 1017 +04 +04 11.53
1712 88	- 60 - 50	1042 1042 -02 -14 10.25	Heinsken NV 10 87 Fl 100 95-2 95 -0% +0% 11.03 Pierson 10% 86 Fl 50 97 97-2 +0% +1% 11.07
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17 88	60	105 10512 +014 -012 15.84	Swed. E. Cr. 149 86 FFr 250 973, 524, 0 - 04, 17-30
74, 89	60	1064, 1065,04,15, 15.73	U. Mex. Sts. 14 85 FFr 150 911, 921, 0 0 17.29
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64, 88	100	7014 1014 -04 -14 15.86	Gen. Elec. Co. 121 89 £ 50 87% 88%0% -0% 15.34
91	100	1031, 1041, -01, -11, 14.91	Hiram Walker 144, 86 £ 25 934, 944, 0 -04, 16.11 Privatbenken 142, 88 £ 12 924, 934, +04, -04, 16.28
144 88 164 93	50 75	99% 100% -0% -1% 14.69 101% 102 -0% -1% 16.15	Privatbenken 14 <sup>2</sup> 88 £ 12 92 <sup>4</sup> 93 <sup>4</sup> +0 <sup>4</sup> -0 <sup>4</sup> 16.28  J. Rothschild 14 <sup>4</sup> 90 £ 12 94 95 +0 <sup>4</sup> -0 <sup>4</sup> 15.39
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e Chang	J88	On day -0% on week -1%	Bank of Montreal 5 2 91 02 994 997 29/4 17.06 17.13
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10 89 8 <sup>2</sup> 2 90	200 100	102% 103% 0 -0% 3.55 96 96% -0% +0% 10.09 99% 100% -0% 0 9.98 81% 92% 0 -0% 9.89 100% 700% -0% 0 9.90	Giro und Bank 5-, 91 #01, 99 99-22/12 17-, 17.53 GZB 5-, 92
10 89 87, 90 10 91	200 100 100 50 100 100	102% 103% 0 -0% 3.55 36 36% -0% +0% 10.09 39% 100% -0% 0 9.98 91% 92% 0 -0% 9.89 100% -0% 0 9.90 86 96% -0% +0% 8.33	Giro und Bank 5- 91 + 101, 99 93-123/12 17-1 17.53 GZB 5-7, 92
10 89 82 90 10 91 84 87 75 87	200 100 100 50 100 100	102% 103% 0 - 0% 8.55 96 95% - 0% + 0% 10.09 99% 100% - 0% 0 9.88 91% 92% 0 - 0% 9.89 100% 100% - 0% 0 9.90 96 96% - 0% + 0% 8.53 93% 94% + 0% + 0% 9.06	Giro und Bank 5-, 91 +01, 99 93-22/12 17-, 17.53 GZB 57-, 92
10 89 87 90 10 91 87 87 75 87 89 90	200 100 50 100 100 100 100 180	102% 103% 0 - 0% 8.95 96 95% - 0% + 0% 10.09 99% 100% - 0% 0 9.98 91% 92% 0 - 0% 9.89 100% 100% - 0% 0 9.90 96 96% - 0% + 0% 8.93 93% 94% + 0% + 0% 9.96 94 94% + 0% - 0% 9.46	Giro und Bank 5-, 51 ±01, 99 99-22/12 17-, 17.53 GZB 5-, 52
10 89 84 90 10 91 84 87 74 87 84 90 104 91	200 700 100 50 100 100 100 180	1021, 1031, 0 — 01, 3,35 36	Giro und Bank 5-, 91 + 101, 99 93-1, 23/12 17-, 17.53 GZB 55-, 92
10 89 87 90 10 91 87 87 75 87 89 90	200 700 100 50 100 100 100 180 100 125	102% 103% 0 - 0% 8.95 96 95% - 0% + 0% 10.99 99% 100% - 0% 0 9.88 91% 92% 0 - 0% 9.89 100% 100% - 0% 0 9.89 100% 100% - 0% 0 9.89 98% 94% + 0% + 0% 9.96 94% 94% + 0% - 0% 9.48 98% 100% - 0% - 0% 10.48 100% - 0% - 0% 10.48	Giro und Bank 5-, 91 #04, 99 93-22/12 17-, 17.53 GZB 5-5, 92
10 89 8½ 90 10 91 8½ 87 7% 87 8½ 90 10½ 91	200 100 100 100 100 100 180 160 125 150	1021, 1031, 0 — 01, 3,35  36	Giro und Bank 5-, 51 ±04, 99 93-, 22/12 17-, 17.53 GZB 5-, 52
10 89 84 90 10 91 84 87 74 87 84 90 104 91	200 700 100 50 100 100 100 180 100 125	1021, 1031, 0 — 04, 8,95 96, 954, -054, +054, 10,99 999, 1002, -054, 0 9,89 910, 1002, -054, 0 9,89 1004, 1002, -054, 0 9,89 96, 964, -054, +052, 9,06 94, 942, +054, -052, 9,46 949, 1005, -052, -054, 10,49 1064, 1005, -053, 9,55 1004, 1005, 0 -054, 10,25 1004, 1007, 0 -054, 10,57 1004, 1007, 0 -054, 10,57 1004, 1007, 0 -054, 10,28	Giro und Bank 5-, 91 #04, 99 93-22/12 17-, 17.53 GZB 5-, 92
10 89 82 90 10 91 84 87 75 87 85 90 102 91 104 86 104 91 91 90	200 100 100 100 100 100 125 150 150 150	1021, 1031, 0 — 01, 8,35  36	Giro und Bank 5-, \$1 \$03, \$99, \$93-,22/12 77-, \$17.53 GZB 5-, \$2
10 89 82 90 10 91 84 87 75 87 85 90 102 91 104 91 94 90	700 700 700 50 100 100 100 125 150 150 150	1021, 1031, 0 — 01, 8,95 96 955, — 01, 4 05, 10,99 991, 1002, — 01, 0 9,98 911, 922, 0 — 02, 9,89 9101, 922, 0 — 02, 9,89 9101, 922, 0 — 02, 9,89 96 961, — 01, + 01, 8,93 931, 941, + 02, + 02, 9,46 94 941, + 01, — 02, 10,49 941, 1003, — 02, - 02, 10,49 1042, 105 — 02, - 03, 10,49 1042, 105 — 03, — 03, 10,22 1001, 1012, 0 — 03, 10,22 1001, 1003, 0 — 03, 10,22 341, 951, + 02, + 03, 10,89 341, 1003, 0 — 03, 10,28 341, 951, + 02, + 03, 10,89	Giro und Bank 5-, 91 +03, 99 .93-, 22/12 17-, 17.53 GZB 5-5, 92
10 89 82 90 10 91 84 87 75 87 85 90 102 91 104 91 94 90	700 700 700 50 100 100 100 125 150 150 150	1021, 1031, 0 — 01, 3,95 36	Giro und Bank 5-, 51 #04, 99 93-22/12 17-, 17.53 GZB 5-, 52
10 89 82 90 10 91 82 87 75 87 82 90 102 91 1	200 100 100 100 100 100 125 150 150 150 150 150 150	1021, 1031, 0 — 01, 3,35 36 951, -02, +02, 10,9 391, 1002, -03, 0 9,38 913, 922, 0 — 02, 9,39 1002, 1002, -03, 0 9,39 1002, 1002, -03, 0 9,39 331, 341, +02, +02, 9,36 34 941, +02, +02, 9,36 34 941, +02, -02, 10,49 1042, 106 — 02, -02, 10,49 1042, 106 — 02, -02, 10,49 1042, 106 — 03, -03, 10,22 1041, 1041, 0 — 03, 9,5 1041, 1041, 0 — 04, 10,28 343, 351, +02, +03, 10,69 1037, 1041, 0 +04, 10,27 On day 0 on week -03,	Giro und Bank 5-, \$1 #03, \$99 \$93-, 223/12 77-, \$17.53 CZB 55-, \$2 \$99 \$97., 223/12 77-, \$17.53 Ind. Bank Japen 5-, \$8
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EUROBOND TURNOVER

:	COLET	CICAL
U.S. \$ bonds Last week Previous week		
Other bonds Last week Previous week	865.0 925.0	775.5 630.2

\* No information availableprevious day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month splead—margin developments; showe mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current

CONVERTIBLE BONDS: De nominated in dollars unless otherwise indicated. Cbg. day= Change on day. Cov. date=First date for conversion into shares. Cny price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at Issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past bank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Giruzentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kradiatbank Luxembourg; Internationale Luxembourg
Kredietbank Luxembourg Algemene Bank Nederland NV Pierson, Heldring and Pierson Credit Suisse/Swiss Credit Bank Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europa NV: Deltec Securities (UK); EBC; First Chicago; Goldman Sachs Inter-national Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufac-turers Hanover; Merrill Lynch; Morgan Stanley International Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagn and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International, S. G. Warburg and Co.; Wood Gundy:

Closing pries on December 11

# getsmoving

Lombardy's leading Bank, the Cassa di Risparmio delle Provincie Lombarde - Cariplo - has opened a new branch at a new address. 6 Bishopsgate, London EC2N4AE.

As a licensed deposit taker. the new branch will offer full banking facilities such as current, deposit and loan accounts in most leading currencies: short-term loans and deposits in most leading currencies; foreign exchange dealings; and short and medium term corporate finance.

Since 1823 we have been helping build up the business and industry of Italy's most productive and prosperous region. We are now putting this

experience to work internationally to get things moving for clients in the UK, in Italy and around the world. Call in at 6 Bishopsgate, London EC2N4AE: or telephone our Business Development Manager, Terence Patrick on 01-283 3166; Telex: 887641.



The Lombard Bank Licensed Deposit Taker

# What makes Deborah buzz

image. Labour relations were reputed to be poor and, rightly or wrongly, delays in construction time were invariably blamed on the scaffolding sub-contractor.

In the last few years its image has improved but, at its scaffolding sub-contract work is seen as a necessary but totally non-technical service. never cornering the esteem or the other services involved in construction. It is only now coming in to its own and being viewed in its true perspective.

Obviously, as in any field, the best price for the job still takes priority, but new emphasis on echnical ability and the scalfolder's aproach in planning and setting out larger contracts are now considered to be prime factors which can be cost effective to the overall turnkey pro-

These are important elements, considering tafter the civils) that scaffolding is the the site prior to handover.

One of the top five in UK's scaffolding skills. league of scaffolding companies but the first in the world to carry out the largest single con- Derek Smith, whose indiosyn- girder tract ever awarded within the cratic style of management clamp." scaffolding industry—is a high Deborah Services' subsidiary in cess. the Shetlands, C B Scaffolding.

It has just completed a ing authority so that each and with the safety aspects of the nammoth operation at the every company in the group is work.

Essex Aluminium's "Bullseye"

THE ONLY mass produced

standard circular fixed and

pivot windows on the market

are made by Essex Aluminium, 11 Hall Road,

Southminster, Essex, claims

They are factory glazed

aluminium frames, usually white polyester coated, in two

standard sizes-610 and 850

"Tempest Bullseye"
"Corriseal" system for

The new range includes

and cheap installation of any

circular or radius corner

More on Maldon (0621)

Bullseye" and 'system for easy

the company.

mm diameter.

cladding.

success with its particular ful Derek Smith satellite.
method of structuring contract scaffolding work.

The client does not wish the value of the contract to be disclosed but an indication of its size can best be measured by the materials used:

> 2.7m feet of scaffold tube 700,000 scaffold fittings 2m feet of scaffold boards

Every piece of equipment was shipped out to the site which, at its peak, employed 650 DSL operatives and, if the components had been laid end to end, would have stretched from the Shetlands to London.

Deborah started in 1967 with one small scaffolding company in Wakefield. It was named after the daughter of a founder member and, in ancient Hebrew, means literally "busybee." The company adopted a busy-bee logo together with a honeycomb effect style of first craft on the site to plot it advertising and, true to its for following contractual services, and the last craft to leave struction industry looking for work which would reflect its

a highlights the company's suc-

He believes totally in delegat- struction industry but more so

EBEA CONTINUITY Strip

made by Conobar in Eastleigh. Hampshire, has

won a silver goblet for its

inventor Mr Fritz Brechbuhler

who last month received the

Essentially prefabricated plastic planks containing

specially bent reinforcement

designed to facilitate the formation of joints in rein-

forced concrete the strip pro-

mises to eliminate recurring

costly and time consuming

The usual method of using

and

rehates with holes drilled to

take continuity bars at a joint is not only labour inten-

sive but perhaps the most

expensive aspect of shutter-

ing, resulting in high

Other conventional methods

permit hars to be turned

down inside the shuttering

forming

problems for contractors,

formwork

Concrete Society's Snoraward for Innovation 1981.

FOR MANY years throughout the construction industry scaffolding services suffered a "cow" sould be suffered as a succession of the suffered as a succession of t

continues throughout and on site where each major contract is run autonomously.

As soon as the contract is awarded, a resident manager is out on site and from then on he is responsible for the day to day running of the 10b. Backed by the local subsidiary com-pany and the group's HQ he is expected to run the job in isolation, making his own on-the-spot decisions and working out his own policy to effect the smooth running of the job.

The site operates along the lines of a separate mini-DSL company with its own surveyors. safery officers, site clerk, and a project manager well ex-perienced in handling labour. Any problems encountered by the project manager will be dealt with swiftly on the spot within the policy of the job and. says Deborah, labour relations are excellent.

" We started the first bona fide indentured scheme for the scaffolding in accident rate but also offer dustry in 1976," says Derek safer entree in hitherto danger-Smith, "and a heavily funded ous or maccessible areas. scaffolding skills.

Driving force behind the has resulted in products like our group is its managing director, adjustable drop tube, a roller/ girder coupler and a girder He is concerned with the

scaffolder's image in the con-

which are then broken out by

mechanical tools while the concrete is still "green."

Damage is caused to the con-

crete. damage to the rein-

forcement, and destruction of

embedded length of steel.

and the concrete, says

designed to overcome these

problems and claims the UK licensee, give the added benefit of improving safety

THERMAL STONE cladding

made from cement-free polyester resin composition,

said to be four times stronger

in compression, five times

stronger in tension and

flexure and without water

absorption as in conventional

concrete, has been developed

by Precision Wall Applica-

tions with Quiligotti Resin

**KEEPING HEAT and glare** 

from the sun out-and office

mar Golden Eagle's City Road

The film reflects back up

insulation

Sunshield

Ultra-

Concrete of Manchester.

window

hailace

offices in Loudon.

Further on 01-863 3015.

Ehea Continuity Strips are

Conobar (0703 610111).

bond between the

What's new in building

"With the new couplers, an

Busy but safe, then, seems to be the Deborah slogan for the fabrication, protective coatings, eighties. The group's growth fluidised hed boiler and plant performance (a consistent in- design, and industrial painting crease in turnover from £6.7m and acid resistant flooring. 1966-77 to £26.9m in 1980-SI) has been heavily denied by money spent in non-direct return areas as in the improvement of scaffolding safety. But Derek Smith sees this as a spearhead for the whole of the scaffolding industry.

Deborah's new equipment operative can hang a piece of folding services to their present constitutes a major advance in scaffolding from a horizontal level of technical recognition, scaffolding safety. After four girder and (from a position of Deborah Services has cobbled

These cover insulation, steel

It will develop into a multinational with the creation of Deborah Fluidised Combustion in the U.S. and the Norwegian Scaffolding Company, DSL A/S Norsk Stillasutleie, set up six months ago in Stavanger.

Apart from elevating scaf- DEBORAH PICKERING

which was then pressure

combustible and flexible enough

to match the sweeping curves of

THE CEMENT and Concrete

Association is to hold three

one-day courses on Supervision

of foundation works from January 18-20 1982 at its Fulmer Grange Conference and

Training Centre near Slough.

The courses are all intended

for construction, supervisory or

design staff who have had little

or no experience of specialised

foundation techniques and who

may be called upon to super-

vise and approve the work of a

BATH-BASED G. W. Sparrow

and Sons, crane hire and lifting

specialist, has taken over the

with its fieet of more than 20

concrete structures is available

specialist contractor:

requirements of being

the on-shore roofs.

#### **Good start** for Leech

NEWEST SCHEME for Leech Construction is a £1.6m contract for Fine Fare's ninth major development in the north east development in the north east a large superstore with extra integral shopping units and car parking facilities at Hadrian Park, Wallsend. Work is underway and due for completion within 12 months, after which time it is expected to provide work for more than 100 people.

Nottingham based arm, Leech Homes (Midlands) moves into the New Year with a healthy £10m package for six new resi-dential developments.

Two projects are joint ven-tures; Derby City Council will have 95 starter homes on a cleared site in the city centre, and the company is to provide more than 100 new homes at Southfield for Northampton Development Corporation.

Other schemes are at Yaxley in Huntingdonshire, Ilkestone, Derbyshire. Stoney Stantion, Leicestershire, and at Peterborough—all private ventures under which Leech will provide a total of around 300 owneroccupier homes of varying types and sizes. Construction is due to start early next month.

# New homes

JOHN LAING has won housing contracts worth around £3m to provide 146 homes for nearly 600 people on three separate sites in Belfast.

Traditional brick and brick-work construction is the choice for 35 houses and 24 flats to be built under a £12m scheme at Blythe Street, Sandy Row. Similar construction methods will provide 41 houses and nine bungalows on a site at Oldpark Road, where work has just commenced on a £1m

contract. Third site is at New Lodge Road where work is underway on a £700,000 project for 21 houses and 16 flats.

#### Beer under wraps

DEE-CEE GROUP has won an extensive insulation contract at Young and Company's Ram Brewery in London where a development is

progressing.

Work for the thermal insulation specialist involves cladding includes air-conditioning and eight 600 barrel capacity vessels containing Young's London lager beer (now accounting for 20 per cent of the brewer's total output) at zero temperature for up to four

All of the conical shaped vessels are clad in stainless AN ASDA superstore is now steel and banded with 50 mm under construction at Marsham stainless steel banding. Follow- way Warmley, Bristol, under ing insulation and vapour the terms of a £2.5m contract sealing, performed sheeting was used to clad a further 400 metres of associated pipework,

wort coppers, similar sized evaporators and hop backs.

Crendon Industrial Building **Structures** 

Creation Concrete Co. Ltd. Long Creation, Aylesbury, Bucks 19718 388 Tet Long Creation 208481

#### Over £8.5m for Jarvis

NEW BUILDING contracts in the south of England awarded the south of England awarded to Jarvis are worth over £8.5m and include a £2.1m factory and offices scheme at Woolwich for Keyswitch Varley, part of Thorn £M1.

At Royston, the company has a £1.5m award to build a refinery for Matthey Rustenburg Refineries, said to be the world's largest refiners of the platinum group of metals. A £1.2m contract from Inter-national Caledonian Assets will provide 6,450 sq metres of accommodation in six single-storey linked warehouses at

kingston-upon-Thames.

Two adjoining Grade II listed buildings in Russell Square, London, WC1, are to be refurbished as high quality offices under an £850,000 award by the Trustees of the Bedford Estates.

Another \$850,000 from the Another £850,000 from the Wessex Regional Health Authority is for stores, offices and transport complex in Winchester for the Royal Hampshire County Magnitude

shire County Hospital. Operating as developer and builder, the company has just started on two London office blocks at a total cost of over £2m. One is a six-storey £1.1m scheme in Charterhouse Street, London, EC1; the other is a £934,000 four-storey block in Balham High Road, in conjunction with Sheston Management.

# by Bovis

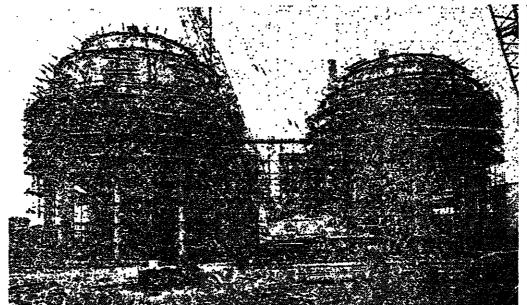
A NEW division formed by Bovis, Bovis Renovations, will undertake refurbishment and renovation contracts within the £100,000 to £1m range.

It has just started on a £1m contract to fit out 30 Church Street, Kensington, London W8, as a modern hq with fully equipped hairdressing training centre for Golden which makes the L'Oreal range of beauty products.

Interior of the six-storey building will have suspended ceilings, partitions, floor and wall coverings, and the contract

ated Dairies of Leeds.

metres of associated pipework, This comprises a single storey 100 flange boxes and 50 valve building of 3,360 sq ft, five shop units, a mall and offices. It will In the new brewhouse, Dee have a steel frame on concrete Cee teams are insulating six foundations with brick/block metre high 300 barrel capacity cavity walls and a slate monopitch roof and is due for completion in autumn 1982.

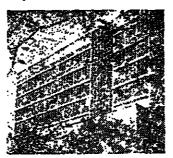


Intricate applications of DSL's access scaffold and fire screen to two 45 ft 9 in diameter spheres for Motherwell Bridge and Engineering Company

years of extensive field and safety) can roll out each new together at least another 23 laboratory testing it was piece—rather like curtains on launched some months ago yet a modern curtain rail." the first bona fide is available to the entire indus-apprenticeship try, not only to reduce the

> "Imagine a scaffolder having to go over the edge of a structure to build out under a curved arch or bridge. Using conventional methods this is a dangerous feat even for an acrobatand often performed at heights around 150 feet.

to 78 per cent of the sun's rays and, by excluding most of the ultra violet light, belps preserve the colour and fabric of furnishings. In cold weather, it reduces heat loss through the glass by reflecting back much of the infra red long range heat formerly lost through glazing says Suncell. Royal House, Datchet Road.



Ultramar's windows treated with Sunshield

Windsor, Berks (Windsor 69661). Self-adhesive and triple-

layered, two film laminates enclose a wafer-thin metal (allowing visual (ransparency) and material can be applied to all rough cast glass without problems to maintenance and

#### Around the industry

BRIGHTON BASED Preece nated hardboard with two-way Cardew and Rider, has been adhesive mixture of neo-nitrile, appointed as consulting en-which was then pressure gineer by the Jordan Electricity laminated to form a flexible Authority for the first 400kV lamella panel. The insulation transmission line in Jordan, then complied with the prime The line will be over 300 kilometres long and will connect the capital Amman with a new power station at Aqaba in the south. Much of the route will cross barren desert including Wadi Rum, once a hiding place for Lawrence of Arabia.

COMBINED SYMPOSIA on recent developments in two active areas of efficient fuelfired heating equipment, pulsecombustion applications and condensing heat exchangers will be held on March 24, 1982 at the Atlanta Hilton, Atlanta, Georgia, U.S. These are jointly sponsored by the Gas Research Institute (GRI). the U.S. Department of Energy (through Brookhaven National Laboratory), and Battelle-Columbus Laboratories.

COVENTRY'S NEW landmark one acre British Crane Hire Cor--the £2m-plus Grand Prix poration's Wood Street depot in International Racquet Club- Walthamstow, London, together has been clad with a sculptured metal system called Florlad telescopic cranes. from Ash and Lacy Steel Products (021-556 4211).

The 10,000 square metres of A LEAFLET on new units for lastisol-coated material was terracing football grandstands hosen to soften the outlines with specially designed precast plastisol-coated material was chosen to soften the outlines and effect an elegant, contemfrom Bison Concrete, Thorney Lane, Iver, Bucks (0753 652909). porary feel to the huge building which has potential seating for 4,500 spectators.

COMPLEX, CURVED, stainlesssteel clad roofs of unusual design are being insulated with specially-honded Rockwool rock-fibre insulation at the on-shore generator and workshop buildings at the multi-million Thames Barrier project. Original specification from the GLC architects was for a urethane foam board but this was found, after fire testing, to give off smoke and fumes.

An exhaustive search for alternative insulation resulted in trials of a glass foam material but this was rejected because it lacked compressive strength and had to be individually shaped to match the roof curvature. Finally, Siderise, developed an insulation panel consisting of strips of 49mm Rockwool rigid slab bonded to 3.2mm. fire-resistant impreg-

# roofing

SIX NEW Asda Superstores will he supplied with a new type of factory-made roofing which will also be fixed by building cladding maker H. H. Robertson (UK) under a £1m order.

The roofs will arrive in sections in which profiled steel decking is bonded to a layer of insulation topped by roofing felt. Called Trimadeck, the system is said to reduce the number of roofing processes carried out on site from the traditional nine to only five. Asda stores to benefit are at Halifax. Hull, Isle of Dogs. Laneaster, Taunton and Tribury

& underground drainage

# Ready-made

Plastics soil waste, rainwater

# INTERNATIONAL CONSTRUCTION

Don't miss this opportunity to promote your machines, reserve advertisement space within this unique survey of earthmoving equipment-to be published within the March 1982 issue of International Construction and used by construction equipment buyers and specifiers worldwide.

Richard Langrish, International Construction, IPC Business Press Ltd. Surrey House, Throwley Way, Sutton, Surrey, SMI 400, England, Telephone 01-643 8040 Telex: 944546 BCTG.

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For a comprehensive brochure, contact





Operating 2500 hours a year with loading equipment using 70-80% more fuel than the Broyt XSD.

could be wasted every year if you choose

to ignore the BRØYT X50 Alternative\*



27-30 litres fuel consumption when

loading 500-700 tons per hour!

For more information about the BRØYT X50 alternative, please contact our new

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Dronfield Sheffield S18 6XR Tel. 0246-417055

Manufacturer: Brøyt A/S P.O.Box 340, 4341 Bryne, Norway

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٠.	216g	1014   47g   Kroehler   174   327g   314g   Pinneer Corp.   51   273g   19   Kroehler   251g   251g   14   LTV   171g   52   251g   133g   Lanier Bus. Prod   428g   27   Lear-Stegler   26   28   28   27   Pissney   63   28   28   28   28   28   28   28   2	285c   115c   Tyler   221c   243c   311c   174c   UAL   18	187a   Steel of Can A   20   20   20   20   20   20   20	324   320   324   325	480 315 Nisshin Flour. 355 226 142 Nisshin Steel 175 780 368 Nomura 578 379 279 NYK 580 1,770 970 (Nympus 1,080 1,540 1,000 (Orient 1,520 4,500 1,780 (Proneer 1,780 890 600 Renown 810 1,150 595 Ricoh 632 723 379 Sanyo Elect 452 279 251 Sapopro 264
	3414   2612   Brown Forman B   3318	50   27   Levi Strause   291e   377s   221d   181g   Pub. Serv. E & G   183d   401d   225   Libby Owens Fd   684d   473d   Libby Owens Fd   455d   181g   Pub. 3, Indiana.   201d   684d   473d   Libby Owens Fd   455d   155d   155d   Purax   255s   25d   45d   35d   201d   2	101e   55s Uniroyal   55s   55s   101   57s	21 Walker (H) Res	256 131 Stan Enskilda 239 154 84.55KF B 149 320 207/St. Kopparberg 300 136 64 Sven Handelsbn 127 135 92/Swedish Match 115 169 65 Velvo (Free) 148 SWITZERLAND  1981 Dec. 11 Price Frs.	1,010 645 Sharp 820 941 791 Shiseldo 857 5,780 3,020 Sory 3,850 545 373 Stanley 375 361  361 Stomo Marine 305 730 535 Taihel Dengyo 603 289 199 Taisel Corp 623 774 530 Taihel Pharm 636 1,050 618 Takeda 965 5,480 3,060 TDK 3,860 270 148 Tallin 238
	105	251	254g   151g   Utd Telecomme.   211g	31. Dec. 11 Price Dm. 38.9 AEG-Telef	1,190 600 Alusuisse 675 1,600 900 Brown Boveri 1,055 1,320 970 Ciba-Gelgy 1,310 995 40. (Part Certs) 950 40. (Part Certs) 950 2,795 1,890 Cradit Suisse 2,050 495 87,500 61,000 Hoff-Roche 1/10, 5,750 6,500 5,100 Interfood 5,650 1,485 1,140 Jelmoil 1,395 1,680 1,050 Landis & Gyr. 7,200 7,900 1,200 Landis & Gyr. 7,200 Landis & Gyr. 7,200 1,200 Landis & Gyr. 7,200 Landis &	1,190  565 Telkoku Oil
	2012   14-9;   Catter-titatering   14-1;   34   Gannet   2012;   2013;   50   Catter-titater   58-1;   32   17-1;   Gelco   2013;   68-2;   2013;   52-2;   Cattater   26-2;   23-3;   17-1;   Gen Am Invest   21-3;	244g   16	37/8   27/2   West with Street   277/2   207.5     2554   1948   W. Point Peppi   217/2   201.     1155   57/8   Western Airlines   57/8   285/2     517/8   195/8   Western Nth. Amr.   265/8   146.5     351/4   231/4   Westinghouse   265/8   57.8     301/4   185/8   Westwace   241/8   2561	425 Alfianz Vers	1,660 1,050 Landis & Gyr. 1,110 2,800 1,250 Landis & Gyr. 3,270 2,800 1,110 Oer-Buhrlis 1,550 272 266 Pirelli 222 4,635 3,350 Sandoz (Br) 4,200 690 450 Sandoz (Br) 250 285 235 Schindler (Pt Cts) 588 285 235 Schindler (Pt Cts) 704 395 235 Schindler (Pt Cts) 528 328 235 Schindler (Pt Cts) 704 328 235 Schindler (Pt Cts) 920 4,085 2,655 Union Barik 328 4,085 2,655 Union Barik 3,180 3,820 2,050 Winterthur 2,340	4,380 2,400 Victor
	20	15%   10%	167   218   167   218   167   218   167   218   168   169	127.0 Demag	16,975:14,300 Zurich Ins	4,55 2.80 Abercom
	46\( \) 51 Giere Cliffs Iron. 32 35\( \) 35\( \) 27\( \) Gillette	43   30%   Medironic   39%   39%   37%   37%   37%   37%   38%   33%   30%   Melion Nati   37%   42%   29%   5% Regis Paper   32%   38%	\$7\frac{1}{42\frac{1}{4}} \ \$2\frac{1}{17\frac{1}{6}} \ \$\text{Woolworth} : 18\frac{1}{6} \ \$2\frac{2}{37}\$   \$2\frac{1}{4} \ \$2\frac{1}	167 KMD	2.40 1.50 Aust. Cone. Ind. 1.80 2.50 1.40 Aust. Courant. 2.55 3.90 2.85 Aust. Nat. Inds. 3.15 2.40 1.84 Aust. Nat. Inds. 3.15 3.55 2.78 Bank NSW. 3.10 2.27 1.45 Blue Metal. 1.80 4.15 2.10 Bond Hildga. 2.80 4.00 2.55 Boral. 5.30 2.05 1.05 Bi ville Copper. 1.28 3.25 2.30 Brambies Inds. 2.60 8-08 3.95 Bridge Oil. 4.70	55.00 35.5 FS Geduid. 42 110 54.0 Gold Fields S. 93 5.40 4.00 Highweld Steel 5. 6.75 5.70 Huletts 58.50 6.75 5.80 Holds 6.56 24 15.00 OK 822aars 22 28.00 Kioof 12.8 5.7 12.1 6.55 Rembrandt 12.8 4.95 3.00 Rennies 4.70 7.00 4.9 Rust Plat 5.55 2.90 2.00 Sage Hidgs 2.80 5.05 3.28 SA Brews 4.85
N	NEW YORK DOW JONES  Dec. Dec. Dec. Dec. Dec. Dec. Dec. B. Dec. Dec. Dec. Dec. B. Dec. Dec. Dec. Dec. Dec. Dec. Dec. Dec	Dec. Dec. Dec. Dec. 1981	AUSTRIA 357.0  1981 Dec. 11 Price 386 311  238 201 Gredit/stait Ptd. 205 369.0  259.0  179.0  179.0  179.0  179.0  179.0  179.0  179.0  179.0  179.0  179.0	610.0 Muerich Ruck	16.75 9.44 BHP. 10.65 0.40 0.10 Brusswick Oil. 0.17 7.00 2.75 CRA. 3.00 7.50 3.53 CSR 4.03 5.02 1.90 Carlton & Utd. 2.52 3.85 2.75 CastemaineTys. 3.59 0.73 0.85 Cluff Oil (Aust). 0.70 0.52 0.25 0.0 Outs. 0.50	20.50 15.00 Tiger Catx 12.8 3.35  Financial Rand US\$0.794 (Discount of 22%)
H	Mindurgio* In 888.81 889.05 888.22 881.75 898.93 92.69 1024.85 924.01 1061.76 41.22 (27/4) (25/9) (11/1/73) (2/7/82) 1 The Binds. 58.88 58.88 58.65 58.61 80.88 66.58 55.78 54.89 (17/0)	AUSTRALIA AR Ord. (1/1/80) 804.7 800.5 801.9 810.3 757.5 (8/4) 545.5 (29/10) Metal & Minris (1/1/80) 433.8 457.1 445.5 457.0 755.2 (7/1) 404.6 (20/11)	278 243 Perimoceer	161.5 Varta 178.5 120.2 Veba 131.2 260 Verein-West 260	0.52 0.23 Do. Opts 0.50 1.85 1.05 Cockborn Cemt. 1.25 2.73 2.20 Coles (6.4) 2.58 3.00 1.55 Comatco 1.70 6.40 3.15 Containers 5.40 4.70 2.40 Costain 2.95 8.00 4.70 Crusader Oli, 6.40	### BRAZIL  ### Dec. 11 Price Cruz  1.90: 0.76,Acesita
n T	Hillies 111.98 112.28 112.58 112.16 [11.81 112.22 117.51   [6.45] [25.65] [16.22 16.32 16.	Credit Aktien (2*1/62) 55.45 55.55 56.04 (c) 98.43 (%1) 55.84 (18/10)  BELGHUM Belgian SE (51/32/65) 75.51 78.98 72.98 72.98 86.15 (17/2) 88.55 (18/6)  DENNAM: Coppenhagem SE (51/675) 120.88 (ts) 120.17 120.88 121.11 (18/10) 95.84 (2/0)	BELGIUM/LUXEMBOURG	81 Dec. 11 Price	1.40 0.97 puniop 1.08 4.76 2.85 Elder Smith GM 4.50 0.80 0.89 Endesvour Res. 0.39 1.85 1.40 Gen Prop Trust. 1.80 9.80 4.50 Hartogen Energy 5.20 1.90 1.13 Hooker	11,85 3.05 Banco Brasil 9,0 1,57 1 40 Banco Itau 1,55 4,89 1,80 Belgo, Min. 3.50 6,99 2.80 Logas Amer. 6,99 9,90 2.12 Petrobras PP 6,0 1,90 1,90 1,90 1,90 1,90
_	Day's high 897.55, low 885.37.  Dec. 4   Nov. 27   Nov. 20 Year ago (approx)  ind. div. yield % 6.21 6.25 6.51 5.70	FRANCE: CAC General (29/12/61) (u) \$1.7 \$2.7 \$2.19 112.5 (17/8) 77.3 (13/8) and Tendence (61/12/80) 98.8 \$2.3 \$3.2 \$2.70 108.3 (10/9) ZB.2 (12/8)	5,000 3,700 Banq Int A Lux. 3,800 10,980 1,480 990 Beksert B 1180 3,289 1,078 816 Ciment CSR 910 619 205 115 Cockeriii 158 1,275 1,800 1,158 EBES 1,520 126 8 x80 8,535 Electrobel 3,210	5,700 Emprunt 7z 1974 6,900 2 665 ONE 5t 2,872 370 Air Liquide 459,80 560 Acquitaine 795 83,8 Au Printamps 115,10	2.55 1.16 Jennings 1.42 2.00 0.44 Jimb lana(50cFP 0.50 1.75 1.40 Jones (b) 1.08 10.51 0.10 (t/a Ora Gold 0.12 1.30 0.31 Lennard Oil 0.45	9,951 2,05\Souza Cruz
· '	TANDARD AND POORS   1981   Sinos Cmpil't'n   1   1   1   1   1   1   1   1   1	GERMANY FAZ-AKtion (61 12/56) Commerzbank(Oec 15/5) E92.70 E95.2 E96.8 E96.8 E96.8 E96.0 E96.0 E96.2 E96.8 E	2.300   1.350   Fabrique Net		8.70 4.80 Meekatharra Ms 7.30 0.55 0.30 Meridian OII 0.35 0.56 0.12 Monarch Pet 0.16 2.25 1.54 Myer Emp. 1.65 5.62 2.58 Nat.Bank 2.87	Company Prices Change Dec 13 on the 1981 week Banking, Insurance and Finance
	Composite 124.85 125.71 125.45 124.82 125.15 126.29 136.12 136.81 148.21	HONG KONG. Hang Seng Benik (61/7/24) 1413, 12 1412.961495.861414.71 1515.29 (17/7) 1115.77 (6/16)	5,090 8,315 Kredietbank	340 CFAO 554 253 CGE 515,20 153 CSF (Thomson) 185 127 Cie Bancaire 359,50	4.15 2.37 North Bkn Hill 2.55 2.78 1.80 Oakbridge 2.10 1.70 0.80 Otter Expl. 1.18 11.90 2.05 Pancon 2.80	Bank Leumi le Israel 1,746 '+ 32 IDB Bankholding 2,470 + 13 Bank Happolim Br 2,347 + 19 Union Bank of Ierael Br. 1,615 + 65 United Mizrahi Bank 1,187 + 18
ln	nd, div. yield \$ 5.16 5.30 5.34 4.61  nd. PIE Ratio 8.45 8.38 - 9.05  .ong Gev. Bond yield 13.19 13.94 18.28 18.68	JAPAN*** Dow Average (15649) 7788 887748 817745 1917752 45 8679,14 (17/6) 8856.52 (15/6) Tokyo Maw SE (4/1/89) 888.05 567.52 567.80 571.52 808.02 (17/6) 455.75 (5/1)	2,040 2,010 Softna 2,230 154.0 2,490 1,555 Solvay 1,995 93 2,295 1,060 raction Elect 1,830 93 1,336 980 UCS 1,989 943.2	102.1:cofimeg	2.55 1.70 Pioneer Conc	Gen., Mort. Sank Br 1,085 + 80 Hassneh Insurance Sr 1,045 +270 Telshot Israel Mort. Bank Br 1,660 +189 Land Development Africa Israel Inv
	Rises and Falls   Dec. 11 Dec. 9   1981	NORWAY OND SE (1/1/72) 128.78 128.25 122.47 129.42 145.72 (8/6) 118.24 (6/6) SINGAPORE SUTAINS TITION (1984) 769.81 174.96 758.75 758.25 978.25 (28/6) 618.24 (1/6) SOUTH AFRICA	120 304 825	65   metal	0.80 0.28 Sparges Expl. 0.59 2.70 2.22 Thes Natwide 2.55 2.93 2.20 Tooth 2.15 UMAL Cons. 2.28 0.86 0.25 Valiant Conedt. 0.23	Property and Building 1,450 + 20 Public Utility Israel Electric Corp 3,885 ,+665 Investment Companies Beak Leum Invest
75	12,4372,8472,6572,35 79,14 64.96 Unchanged 439 469 481 16 14 16 18 19 19 19 19 19 19 19 19 19 19 19 19 19	1981.4   698.5   618.8   787.8 (7/1)   476.8 (6/1)   687.5 (7/1)   476.8 (6/1)   687.5 (7/1)   687	1981 Dec. 11 Price 887 High   Low 2 846 133.0 115.8 Andelsbanken 189 138.0 139.8 Relitica Stand 350	608:Michelin B	6.90   3.65   Western Mining   4.20   3.55   1.08   Woodside Petrol.   1.30   4.30   2.50   Wormald Intl.   3.00   5INGAPORE	"Clai" Israel Invest. 1,340 + 70 Discount Invest 1,435 - 20 Commercial and Industrial Eleo Sr
•	11   10   9   8   High   Low	SWEDEN Jacobson & P. (1/1.64) 529_57 525_58 558_56 658_74 669.51 (16/5) 464_17 (29/1) SWITZERLAND SWISSBankCon, (6/172/68) 255_7 255_4 251_1 257_70 554_2 (2/5) 249_5 (17/11)	135.4 118.0 CopHandelsbánki 135.4 106 420 528.6 D. Sukkerfab 544 135.4 113.4 Dauske Bank 135.4 186.5 175.4 110.8 East Asiatic 149.6 178 535 406 Forenede Brygg 517 206.0 292 240.0 Forenede Damp 1383 279.8	52.8 Pechiney	1981 Price   1981   1982   198	Amer, Israeli Ppr, Mills 1,236 + 48 Assis
М	NEW YORK ACTIVE STOCKS   Change	Capital Intl. (UV/W) — 149.5 149.5 149.5 182.8 (S/I) 155.8 (28/8)  (**) Sat. Dec. 5: Japan Daw 7759.31. TSE 571.35.  Base values of all indicas are 100 except Australia All Ordinary and Metale—500: NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. 4 400 industrials. \$ 400	287.5 164.4 Jyske Bank	45.5 Rhone-Poulenc 182,60 151.1 Roussel-Uclaf 210,1 90.1 St. Gobain 143,8 385 Skis Rossignol 479 318 Suez 308,5	9.85 5.90 D88 8.35 7.50 4.64 Fraser & Neave. 5.85 5.55 2.75 Haw Par 3.72 4.20 1.63 Incheape Bhd. 2.32 9.90 4.60 Malay Banking 7.50 7.75 4.20 Malay Brew. 5.00 16.5 8.40 CC8C 11.30	Delek

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# The party may be over

BY COLIN MILLHAM

as a result of a series of unrelated events.

The downward trend in U.S. interest rates was reversed, with Eurodollar rates moving up by about 1½ percentage points, while the value of North Sea oil came under attack as Opec ministers met in Abu Dhabi with a view to reducing some crude oil prices.

London interest rates showed a nervous upward reaction, particularly at the longer end of the market. This almost totally flattened out the yield curve, leaving one-month and curve, leaving one-month and one-year rates at about the same level, with a slight hump between under attack as Opec ministers met in Abu Dhabi with a view to reducing some crude oil prices. the value of North Sea oil came with a slight hump between under attack as Opec ministers met in Abu Dhabi with a view to reducing some crude oil prices.

With a slight hump between ment.

The Bank's intervention has done little to relieve the underfunds were fairly steady, while lying problem however, which

There was a distinct impression last week that the party was nover before the Christmas festiving had even begun. Sterling appeared to be suffering from a possty hangover, tumbling by about S cents against the dollar, as a result of a series of unrelated events.

The downward trend in U.S. The downward trend in U.S. The downward trend in U.S. The downward trend in U.S. This almost totally interest rates was reversed, with Eurodollar rates moving up by about 1½ percentage points, while the value of North Sea oil came.

OTHER CURRENCIES

Dec. 11

(£2175;.2181;) \$4061;.4071; (£216.2161; \$408.409 (£216.173; \$407.00 (£217.721) \$405.50

1175c-1184a		\$219-220
\$2593, 801c		\$111-112
\$25-251c		\$464-7
\$225-251c		\$449-20
\$2534, 5534c		\$3991c-100
\$261-611c		\$113-114
\$261-611c		\$113-114
\$261-611c		\$123-114
\$2523-56	\$598-108	
\$270-2711c		\$592-5051
\$212-214	\$394-398	
\$2701c-27514		

GOLD

threatens to become more acute as the tax-paying season approaches and the stock of comapproaches and the stock of com-mercial bills held by the authori-ties continues to mount. Last week about £745m of bills matured in official hands, and well over another £1bn of bills were bought to provide market limidity.

were bought to provide market liquidity.

Continuing problems over the supply of market credit are likely to put growing pressure on the interest rate structure, which could prove unfortunate unless events on the other side of the Atlantic give another downward

Dec. 10

£ Note Rate

Austria 29.55-29.85
5 Belgium 80.75-82.75
7 Denmark 18.75-13.86
7 France 10.72-10.84
9 Germ.nny 428-4.26
9 Card.nny 2270-2500
1 Japan 10.81-418
Netherlands 4.55-4.4.69 14
Norway 10.81-10.91
9 Portugal 1205-130
9 Spain 18012-19013
Sweden 10.40-10.50
Switzerland 345-5.49
United States 1871-1,8912
Yugoslavia 1871-1,8912

-		EQUITIES			FIXED INT	ERE
	Isque To To 1981	Stock	Discos de la companya	Times covered Gross Vield P.E.	leare 12 12 High Low	
e o i i i i s d	** 80 F.P. 8:1 84 80   F.P. 4:12.850 775 168 F.P. 8:1 211 191 135 F.P 35 32 225 F.P 240 235 82 F.P 86 81 140 F.P. 13:1 84 81 140 F.P. 18:2 187 170 9 61 F.P. 22:1 65 63 65 65 65 65	#A & G Sec. Elecs.5p  #Asprey  Gable & Wireless 50p #City Site Comp.&Systs.Eng 20p Cusains Prop #Equipu Exco 10p  #Acquirelless   Enter. Warrants  #Good Relations Grp #Gr nw hocable&Cm	850 -25 35, 204 -6 66, 32 -2 b0, 236 -1 b3, 85 +1 b4, 84 +1 bd5 176 +5 b4, 10	5 2.0 4.4 6.2 1 2 2 2 5 3.1 15 3.0 1.9 6.4 9 2.6 8.2 6.3 5 2.1 6.3 12.9 5 2.2 3.7 17.7 5 8.0 6.7 12.5	635p F.P.   33p 51p City   100 F.P.   18/12/100 100 Du   100 Du	Site Ests Inton 129 K Water Sod Russ Wide Bds 15;2 i evision 1
t e y e h s e i	100 F.P 108 104 150 F.P 112 165 160 11012 F.P. 2/12 18 14 63 F.P. 2/12 76 69 100 F.P 104 100 US44 25 F.P 205 145 15 F.P 6 41 - 5P.P 1012 8 - 5P.P 52 73 167 F.P. 18/12 70 68 1 F.P. 52 173 53 51	#Grinw hCable&Cm. #Hardanger Prop. #Haybers #Humbereide El, 10p #JohnstonesPint Be New Australia Inv.50p #Nimsto Int. 20c. Peck Hidgs. Sampang (Java) 21cp #Saxon Off. #Sheldon Jones. #Telsylsion Southilip Winers Ip.	180	5 2.4, 7.2; 7.8	capital cover based on dividend on h Assumed dividend and yield after resumed. v Forcesst dividend: or F Dividend and yield based on proc Q Gross. T Figures assumed. t C now ranking for dividend or renkin price. p Pance unless otherwise inhoids a of ordinary shares as a "+ \$\$ Reintroduced. Y I saued in connover. Ill Introduction. I I saued.	Dividend full capi scrip is spectus cover ali g only dicated. ghts." scripu w o former
.	"Ric	GHTS" OFF	ERS		letters (or fully-paid). • Provisions warrants. †† Dealings under spec †† London Listing. † Effective iss †† London Listing. † Effective to comprising 33 Ordinary and El Loan	ciel Ruk ue price sue pric
	price = date	981 Ste	ock	Closing price + 1	LOCAL AUTHO	•
	275 F.P. 15:7 2/12/ 340 142 Nil — 15:p 162 F.P. 23:12 21:1 21:p 14 F.P. 27:11 6:1 24 126 F.P. 2:12 15:1 21:1 7: Nil 18:12 15:1 2p: 50 Nil 17:12 21:1 10	m 12pm:Abwood Mac 228 BP	d Estates M., ds	532 —9 144pm —4 90pm +4 17pm —5 21 139	Authority (telephone number in parentheses)  Knowsley (051-548 6555)	An gr inte

Issue price £	Amount paid up	Latest Renund date	High 198		<u> </u>  -	<b>9</b> 2	ock .		Olosing price E	+_
1100 4100	F.P. F.P.	20/2	100 13 143p 1001s	51p 100 12 135p 991e	City Site  Pountor  Essex Walder  McLeod  Nat wide	ESTS. 10% 12% Con ater 10%   Russel 6.4 9 Bdg.Soc	, GNV, GU RV, CUM.   Red. Pri. R, Cnv. Re lety 15: 11 13/12/82	Prf Red. Prf. 1986 	100 13 143p 9912	
h Assun	nedid	lyrid an	on di	viden	d on full	capital.	g Assum	ed dividend	icranse	4 67
F Divide Q Gross pow rai price, holders §§ Reint over, letters warrant ‡‡ Lond ‡‡ Lond	ind an indicate of the control of th	y Foreind yie Figure for de en dinary ed. Troduct lily-pairing.	cast d d bes s assividence less or shore: it issue it iss	ividen ed ca imed. l er c therwi s as a ed in [] lasi ] Prov under fective	id: cover prospect the prospect renking of se indica "rights connecti usd to fi risional of special	based this or or allows or or allows or or the third. The third or with a series or with a series or partly-price attemptics at the price at the third or third	on pray ther office for comestricted soued by sued by reorganis lierance laid allori grunners for comestricted	ious years  ist estimate retaion of dividends.  tender.    tray of cat stion, mergi	shares § Pia Shares § Pia Offere sitalise er or 1 ¶ Allott 1. ★ 1	1981. not icing d to tion. sks- ment With rkst. unit
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Q Gross now rai price, holders §§ Reint over, letters warrant ‡‡ Lond compris	in a ling 3	r Foreing yie Figure for de con un dinary ed. Troduct lily-pai to Deal isting. 3 Ordi	rest did bess assurividence less on shore: 1 is seudion. I do lings the state less and shore the seudion. I do lings the seudion and seudi	ividen ed ca imed. i Gr ( therwi s as as ed in lass Prov under fective fiecth and £5	d: cover a prespat prespat cover presided indicat connects used to fi risional o special e issue to assue Loan 19	based or or shows or shows or or shows only for reted. The shop with some present of the shows o	on pray ther office for coor constructed sequed by sound by sound by sound by sound by sufference aid allor & Unitary scripping of the scrippi	ious year and a year as a year a carring to a dividends a year of carring, mergical folders. In a year of the colders. It is a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year of the colders are a year. It is a year of the colders are a year. It is a year of the colders are a year of the colders are a year of the colders are a year of the year of the colders are a year. It is a year of the year of t	shares	1981, not cing d to tion. sks- ment Vith rker. unit 50
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F Divide Q Gross pow rai price, holders §§ Reint over, letters warrant ‡‡ Lond compris	in the second se	u Forein Forein Manager und 19 19 19 19 19 19 19 19 19 19 19 19 19	cast did has sassividence less or shores or shores of ican, id did it in a sassivity and it is a sassivity and	ividen ed en ed en ed en ed en ed en ed en en ed en	d: cover a praspet to praspe	based based or allows or or allows or or resolvent or tool. It is a second or second or perturbation or perturbation or perturbation or perturbation or perturbation of pertur	on pray- ther offic for con- estricted by- sued by- Interes pay-	mat estimate retaion of dividends. I sander. I way of car stion, mergiton, mergiton, mergitolders. I saued p. † Com	shares SPI	1981, not cing d to tions d to tions aka- ment with rise. unit is 50

#### THE POUND SPOT AND FORWARD

Dec 11	spraad	Close	One month	p.a.	months	p.a.
ÜŚ.	1.8735-1.8945	1.8300-1.8810	0.40-0.30c pm	2.23	C 92-0.82 pm	1.55
Canada	2.2275-2.2400	2.2350-2.2360	0 25-0.35c dis	- 1.61	0.70-0.90dis	-143
Nethind.	4 64-4.68	4.6514-4.6614	2-11:e pm	4.51	5′ <sub>9</sub> -4⁵ <sub>6</sub> pm	4.15
Selgium	72.30-73.25	72.95-73.15	220-240c dis	- 37.78	305-325dis -	- 17 25
Denmark	13.75-13.88	13.84-13,86	11, Spore pm	0.97	34-2's pm	0.88
ireland	1.1950-1.2050	1.1975-1 1990	0.27-0.39p dis	- 3.30	0.83-1.03dis	-3.10
W. Ger.	4 23-4.27	4 241-4.251	i a i'ni pm	4,59	5-41; pm	4.47
Portugal	121.50-122.75	122 20-122 50	35-195¢ dis	-11.28	75-405 dis	-7.85
Spain	182.00-183 50	182 60-182.30	20-50c dis	-2 30	80-115 dis	-2.13
Italy	2,271-2,284	2.271-2.273	15": -131; line dis	−£.98	491 <sub>1</sub> -521 <sub>1</sub> dis	-8.95
Norway	10.52-10.97	10.851,-10 66%	31, 51 ore dis	-4 70	3-25 dis	-0 <b>6</b> 3
France	70.74-10 82	10,20-10 81	1-11-c dis	-1,11	4' 5 dis	- 1,85
Swedon	10.42-10.49	10 44-10 45	21,-13, ara pm	2 01	75 6 pm	2.70
Japan	410-414	4111-4121	3 30-5,00y pm	9 17	8 55-8.25 pm	8 15
Austria	29.60-30.00	29.72-29 77	161-31 :510 pm	5.65	44-34 pm	5 24
Switz.	3.45-3.49	3.451 3.461 -	2-11:s pm	6 07	4 - 4 pm	5.35
Re	loran rato is f	or convertible	Ivanca Expandi	si Irano	82 95 83 05	

Su-month forward deltar 1 10-1 (2c pm. 12-month 1.30-1.10c pm.

#### THE DOLLAR SPOT AND FORWARD

	Day's			%	Three	°.'.
Dec 11	Spread	Closa	One month	p.a.	months	₽.2.
UKT	1.8735-1.8845	1.8800-1 9810	0 40-0 30c pm	2 23	0.92-0.82 pm	n 1.85
freiandt	1.5695-1.5,45	1,5719-1,5740	0.75-0.65c pm	5.34	2.00-1.80 pm	n 4.83
Canada	1 1860-1.1878	1.1875-1.1878	0.37-0 40c dis	-3.89	0.99-7,02dis	-3.38
Nethind.	2.4720-2.4820	2.4720-2.4770	0 48-0.38c pm		1.47-1.37 pm	1 2.29
Belgium	38.53-38.86	38 84-38,36	55-75c dis		85-105 dis	- 9.81
Denmark	7.3225-7.3700	7.3475-7.3575	0.35-Q.60org dis	-0.78	1.40-1.50dis	-0.90
W. Ger.	2.2475-2.2600	2,2585-2,2595	0.48-0.41p! pm	2 36	1.57-1.50 pm	2.72
Portugal	64.80-65.15	64 90-65.15	30-110c dis	~12.92	70-240 drs	-9.53
Spain	96.90-97.20	97 10-97.20	25-35c dis	- 3.70	75-95 dis	-3.50
ltaly	1,2071;-1,2101;	1,2071 <sub>2</sub> -1,209	11-12 li:e d <sub>'</sub> s	11.42	31-33 dis -	- 10.59
Norway	5.7600-5.7755	5.7650-5.7700	2-2-3ore dis	-5.46	21,-31, dis	- 1.99
France	5.7230-5.7515	5.7450-5.7500	1.60-1.75c dis	-3.50	5.30-5.70dis	-3.83
Sweden	5.5500-5.5570	5.5500-5.5530	0.25-0.05ore pm	0.32	1.55-1.35 pm	1.04
Japan	213.30-219.40	219.20-219.30	1.35-1.20y pm	6,98	3 65-3.50 pm	6.52
Austria	15.78-15.844	15.83-15.84	6-41 gro pm	3.58	163-124 pm	3.62
Switz.	1.8370-1.8460	1,8405-1,8415	0.63-0.55c pm	3.54	1.73-1.65 pm	3.67
			J.S. currency. F		pramiums ar	

WIZ.	1.83/U-1.8460 1,8405-1,8415 U.63-U.59C pm 3.64 1.73-1.65 mq 6.67	
† UK disçe	and Ireland are quoted in U.S. currency. Forward pramiums and purits apply to the U.S. dollar and not to the individual currency.	† Rata

**EURO-CURRENCY INTEREST RATES (Market closing Rates)** 

#### given for Arcentina is the commercial rate. The financial rate for sterling is 20,717-20,737 and for the dollar 11,00-11,050. \* Seiling rate-

Dec. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Gullder	Swiss Franc	West German Mark	French Franc	(talian Lira	Belgian Franc Convertible	Japanese Y
Short term	145, 16	1215-125g	16-17	1079 1118	234-314	101:.10%	151 <sub>8</sub> -155 <sub>8</sub>	18-20	<del>-</del>	651-7
7 days' notice.	14 g 15 in	121:21212	16-17	107g-111g	312-4	10% 1013	1514-1512	21.24%	! –	7-71g
Month		15, 15,	175-175	j 111g 111g !	جرو. پرو	10%-10%	164-161 <sub>2</sub>	24 L 26	45-55	5;÷.7;
Three months	151, 155,	1512-15	1710.1712	1119-1113	9:-976	10 - 11 / -	175e 175e	24 ly.253a	28-33	612 7 <sub>16</sub>
Six months	1512-1536	1410.1438	1678-1713	111g-1114	9. 9.,	10,6-10,5	185e-185e	24-5-2519	25.28	671

SDR linked deposits: one-month 124,124, per cent; three months 124,124 per cent; six months 124,135, per cent; one-year 124,135, per cent.

ECU linked deposits: one-month 143,15 per cent; three months 144,1436 per cent; six months 144,1436 per cent; one-year — per cent.

Asian 5 (closing rates in Singaporo); one-month 13,135 per cent; three months 13,131, per cent; six months 14,145 per cent; one-year 14,145 per cent.

Long-term Eurodollar two years 145,145 per cent; three years 144,15 per cent; tour years 145,155 per cent; five years 151,155, per cent mominal closing rates.

The following normal rates were quoted for London dollar certificates of deposit; one-month 12,90-13,00 per cent; three months 13,10-13,20 per cent; six months 13,70-13,80 per cent; one-year 13,90-14,00 per cent.

#### FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 11)

3 months U.S. dollars	6 months U.S. dollars	The fixing rates are the arithmetic means, rounded to the nearest one- sixteenth, of the bid and offered rates for \$10m quoted by the market to five
bid 13 11/16 offer 13 15/16	bid 145/16   offer 147/16	reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

#### LONDON MONEY RATES

Dec. 11 1991	Sterling Cartificate of deposit	interbank	Lega) Authority deposits	Local Auth.; nepotrable bonds	Finance	Company Deposits		Treasury	Eligible Bank Bills ø	Fine Trade Bills 4
Overnight		12.16	144, 15			14-1514	11.141		<del>,</del> _ ,	
2 days notice		_	1412-1478		_	· ~	-	-	;	
7 days or		<del>-</del>	<del>-</del>		_	<b>~</b> .	_	_		_
7 days notice		145, 151,	14:4:15	_	_	151::15%		_	· – ·	_
One month		15,: 15,	151;	161: 16	151:	15%	145	14.5 1419	14::-1434	15 ⅓
Two months	151- 151	15 և 15 Ե	-	16.1531	15⊹.	15%	1418-1414	1440	1458-1454	151
Three months.	15 2 15	151 151	1512	16.153	1512	157g	14-141		15-15	15%
Six months	151: 154	151 151	1512	15 L 15	15≒			==	1416-1412	15
Nine months,		15 եր 15 եր	_	15% 15%	151g		_		. ~ .	_
One year	153, 151,	151 <sub>8</sub> .155 <sub>8</sub>	15≒	15 m 15 li	1512	: -	_	· _	_	
Two years			151:			<u> </u>		<u></u>	' <u> </u>	

Finance Houses Base Rates (published by the Finance Houses Association): 16 per cent from December 1 1981. Clearing Bank Deposit Rates for some at seven days' notice 12½-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Avarage tender rates of discount 14 5501.

•	
CURRENCY	RATES

Dec. 11	Sank rate		European Currency Unit
Sterling	634 15 11 712 9 912 19 512	16,3687 45,0006 8,51370 2,68129 2,88129 6,66393 Unavail 263,842	0.573470 1.07784 1.25015 17.0298 41.8174 7.94096 2.45429 2.67325 6.19452 1303,10 235,938
Norwgn, Kr. Spanish Pts. Swedish Kr. Swiss Fr Greek Dr'ch.	9 11 6 20 ½	6.71333 112,857 6.45530 2,14348	6,22161 104,679 5,96900 1,99022 61,3450

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$50,000,000

# Alcoa of Australia Limited (Incorporated in the State of Victoria with limited liability)



16% Notes Due 1989

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

J. Henry Schroder Wagg & Co. Limited

Kidder Peabody International Limited

Morgan Guaranty Ltd

Société Générale de Banque S.A.

Swiss Bank Corporation International Limited

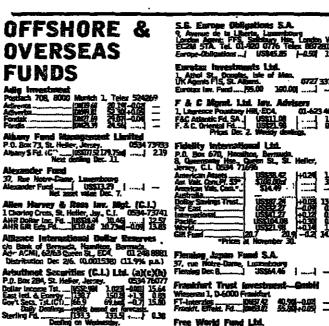
The Notes, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the remporary global Note.

Interest is payable annually on 15th January, the first payment being made on 15th January, 1983.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 28th December, 1981 from the brokers to the issue:

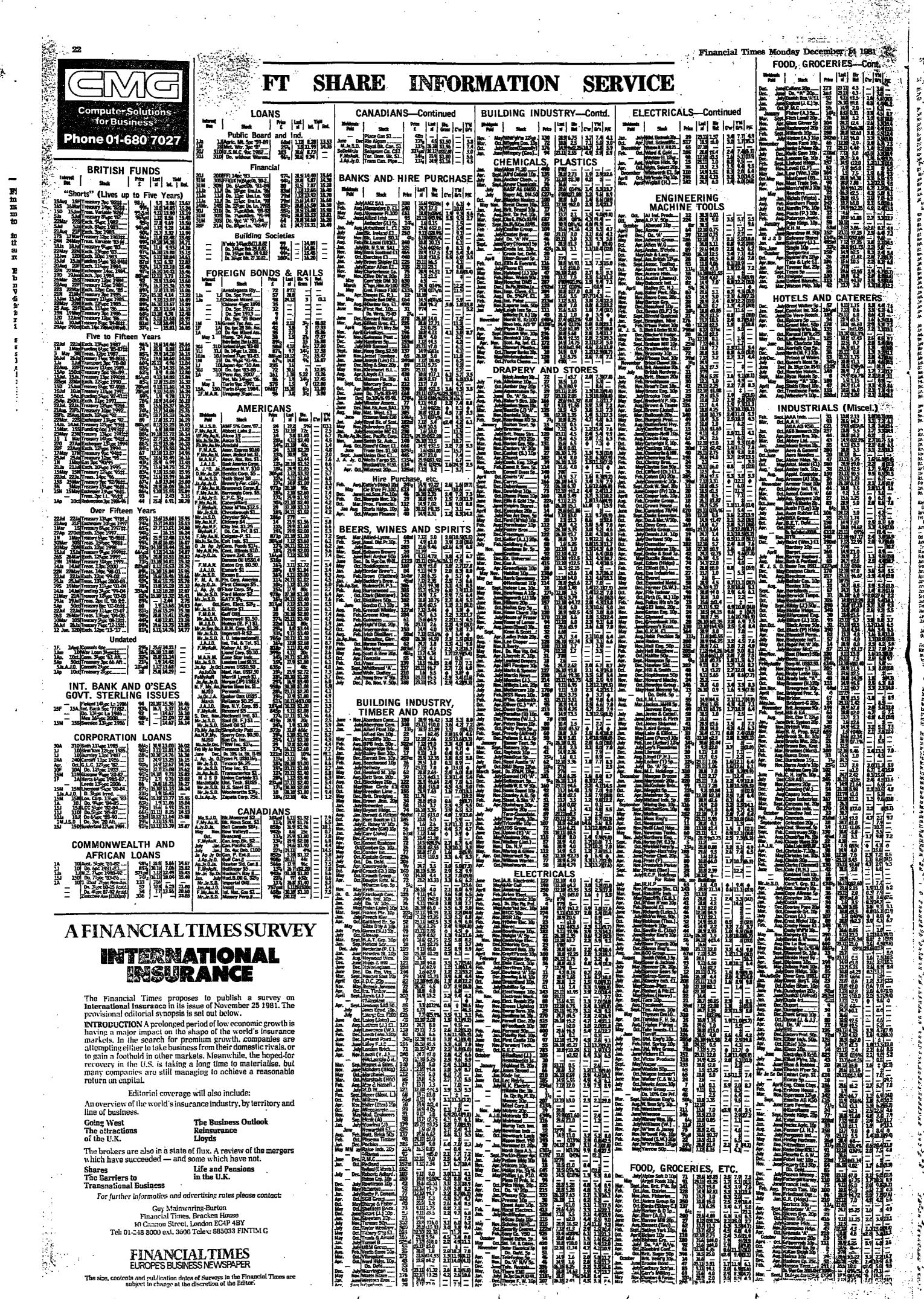
> Cazenove & Co., 12 Tokenhouse Yard, Loudon EC2R 7AN 14th December, 1981

#### FT UNIT TRUST INFORMATION SERVICE





Pro	Financial Times Won	day December 14 1981		21	
	AUT <del>HOR</del> ISED UNIT TRUSTS	Chieficin Trust Managers Liti (a) (g) 11. New St. ECON 6TP. American (c) 21 American (c) 26 American (c) 27 Am	FT UNIT TRUST INFORMATION SERV	The London & Manchester Ass. Co.   Schooler Life Group	
	Makery (Smit Tst. blunger. (a)   72.80, Gambrone Rt., Aglestony 0296 5941   American Growth.   65.4   71.4   67.7   2.7   7.	Smiler Co's Trees 27.5 25.6 -0.3 3.6 Th Checker too Fand Managers(g) 57.62, Precess St., Manchester. 051-225-5565 Growth 15.9 11.402 3.16 Listerscalloss 25.7 27.9 11.105 56.7 High income. 27.7 27.9 11.105 56.7 High income.	ck Exchange, London EC2N 1916 568 2500 46-50, Camana St., London EC48 61.001-226 6044 31, (the St. Stappion St., W.).  - Frand	March   1851	
	Alten Harvey & Ross Unit Tet. Magrs. 45, Contrill, London EUSV SPB. 02.623.631/AMR GR Trest	Footh Fund	4, Great St. Meless, London ECSP 3EP 66-73 Queen St. Education ECSP 3EP 67-74-74-74-74-74-74-74-74-74-74-74-74-74	High Visit Read   14.6   15.7   15.8   16.6   15.7   15.8   16.6   15.7   15.8   16.6   15.7   15.8   15.7	
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TY BOND TH	Fig.	Britise Counters, Berestole, Deson 0271 76324 De Britise Counters, Berestole, Deson 0271 76324 De Britise Peril Unit 134[23.1 24.5]	ion. A Resp. 16.1 60 but 10.1 250 Sector Fluids  Cont.) 58.6 63.2 10.1 250 Sector Fluids  Cont. 158.6 63.2 10.1 250 Sector Fluids  Cont. 158.6 63.2 10.1 250 Sector Fluids  Cont. 158.6 10.2 10.2 10.2 10.2 10.2 10.2 10.2 10.2	195   195	
A SOUR IN	Construction Shortenings 179.9 83.3cd -0.4 4.5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	E. F. Winchester Panel Mond. Ltd.  44. Examinary Sparre, WC1A 2RA 00-623 8983  Great Winchester 1877 2277 12 702  G. Winchester Unix 117 322 132 132  Equity A. Law Un. Tr. M. (a) (b) (c) 77  American Rt. High Womenhe.	For Rev. 90.   155.20   6.85   Females Securities 1.91   150.20	The Assurance Limited  Line London, Wil (1997) 1991 1992 1993 1993 1993 1993 1993 1993	)
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	Architect United 1951. Bull, 1(C) 327, High Holbors, MCTV 7NL. 01-831 629 Archesty Fund. 112.4 120.3ml 3 5.9 Prices Districtor 10. Nest sub. day December 27. Arkenight Management, Personage Gebe., Mirchester 051-834 223: Arkenight Fd. Dec. 8, 195.5 203.0;	Robe France Ut. Tet.   172.2   78.6	Life Management Ltd.  1. October 1. Dec. 11.917 96.9 +0.9 2nd. American 132.5 12.7 27.7 Capital Fig. 1. Dec. 11.917 96.9 +0.9 2nd. American 132.5 12.7 27.7 Capital Fig. 1. Dec. 11.917 96.9 +0.9 2nd in Money 12.1 12.1 10.1 4.1 5.1 10.2 10.2 10.2 10.2 10.2 10.2 10.2 10	100   100	1
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# FINANCIAL TIMES

Monday December 14 1981



# Rates must stay, says Green Paper

BY ROBIN PAULEY

duced and reformed guise, to shelved.

complement another tax.

One aspect of the Green
This is the main indication in
the Green Paper on alternatives

One aspect of the Green
Paper not in Layfield, but considered as long ago as 1957, is a to domestic rates, which is to be published on Wednesday.

'The paper is very green and very long — more than 80 pages blus appendices — having increased in length each time it has been rewritten since its various ways it could be raised.

original publication target date. administered and levied

hampering

European

businesses

EXCESSIVE FINANCIAL

gearing is now leading to

severe difficulties for many

Continental European busi-

nesses in worsening economic

conditions, according to

Finance For Industry, Britain's largest private sector financial institution

industrial finance.
FFI today publishes the results of a study it has carried

out into the techniques of

financing companies in 11

Continental countries. The

report is seen as countering

lobbyists who wish to see the

Government encourage British industry to borrow

Recently, the Grylls Com-mittee of Conservative back-bench MPs published a report

urging that industry should

be given easier access to long-

term, low cost bank credit.

The Government was urged

to give tax incentives and

extend its loan guarantee

But FFI argues that the

common view that lack of Government subsidised debt

places husiness in Britain at

a disadvantage is not con-

sistent with recent West

ment to companies to over-

extend themselves by subsi-

dising or guaranteeing loans

has increased the present

FFI argues that in contrast

to Britain there is a growing

Europe," claims the report.

difficulties

Government encourage-

European experience.

"uninformed" claims of

THE GOVERNMENT has aban-inquiry into local government The retention of rates to-doned all hope of finding a finance. Layfield recommended gether with various ways in single suitable alternative to a local income tax plus reformed which they could be reformed domestic rates, which will now rates as the basis for locally-probably survive, abeit in a re-raised revenues. The plan was

The report suggests few new gether with some notes on how schemes which have not been it works in other countries. offered before and been found. • A poll tax levied on the basis wanting. Most were examined of each person on the electoral in detail in 1976 by the Layfield register.

High gearing Call to 'privatise' financial

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

are to be published later this quences.

veek. "So far as possible, the in-The plans are in a report by dustries should have the normal

the Hundred Group of commercial freedoms and mar-Chartered Accountants. an ket disciplines appropriate to influential body of finance major trading bodies, subject to directors who have produced an safeguards as necessary in cases

The industries should be loss-making industries.

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

in danger of keeping interest However, another big reason

divided into private sector-style would operate under a modified

PROPOSALS TO change the

financial structures of the

nationalised industries so that

outspoken and detailed con-

demnation of the way in which the Treasury controls the

mercial flexibility and freedom

outside the Government's public sector borrowing requirement,

The warning coincides with a

Treasury review of the operation

of monetary policy in prepara-

The main argument is about

the future role of sterling M3,

the Government's most im-

portant monetary target. This

ever, even leading monetarists

of about 18 per cent, twice as

term policy-making.

tion for the next Budget.

industries' operations.

and restructured.

One possibility would be to combine some form of local income tax with a poll tax. The disadvantages of a poll tax are that it is regressive, easy to evade, would have to be levied at a very high level to replace the fibn a year raised in domestic rates and is opposed by both the Home Office and the civil liberties lobby. Opponents see it as offensive to use electoral rolls as taxation lists.

So, rates, reduced and restructured, are likely to survive in conjunction with some local

(operated primarily through the

as many as possible operate thie, and result in damaging missioners operating under like private sector companies financial and economic conse- statutory guidelines.

nance," the report says.
The first of the two groups

would include profitable and loss making industries. They

companies and monopoly companies Act and would Geoffrey's more limited pro-public utilities, with more com- switch gradually from loans to posals. The report's arguments

vate sector capital where feas-

ible in an extension of current

The report demands a radical A "halfway house" would be the private sector without review of current policies. It designed for monopoly utilities, guarantees.

Lloyds Bank wants M3 change

LLOYDS BANK warned the of temporary distortions caused monthly figures for the shift of

Government yesterday that it is by the Civil Servants' strike. morigage and other business to

mate of the major distortions

should be adapted to take

account of them in its Economic

Bulletin yesterday.

The article by Mr Christopher

Johnson, the group's economic

adviser, says that increased

bank lending to the personal

sector, much of it for mortgages.

is adding 3-4 per cent a year to

cate an increase in the money

supply, but a sift of business

he says. (Deposits with build-

This does not properly indi-

rates too high — in the quest has been the rise in bank lend-for a monetary target which has been the personal sector. The main measure become "a misunderstood Lloyds published its own esti-

sterling M3.

tended. This is partly the result the sterling M3 targets and the statistics.

no wagree that it has failed as from building societies and a reliable indicator for short- other institutions to the banks.

Since February, sterling M3 ing societies do not count has increased at an annual rate against sterling M3.)

privatisation" policies.

structure of state industries

The Inland Revenue is prointroduce before the end of the cluding the transmission of income details from the Revenue to local councils, making them responsible for collection. This could be done quickly and fairly

The Tories have a political difficulty in that they have a long-standing commitment to abolish rates. But Mrs Thatcher is apparently now aware of the difficulties and no legislation is likely before 1983 at the

tal. The utilities would be regu-

The report's publication coin-

cides with an important meeting on Wednesday between Sir

nationalised industries. Sir Geof-

industries and the way in which

But the main point made h

the report is that basic financial

reforms are needed, not just Sir

Telecom and other state indus-

tries to be allowed by the

Treasury to raise finance from

the banks." Such an adjustment

has been applied successfully to

"A shift adjustment to ster-

fall in interest rates in the UK

over the next year, where a

failure to adjust the rates could

lead to the maintenance of high

interest rates in the name of a

After adjustment for the shift

in personal lending and the

effects of the strike, he says.

sterling M3 has been growing

at an annual rate of only 11.5 to

Since the growth of banks

personal lending is likely to con-

tique for some time, he says the

correct policy would be to adjust the statistic to the change.

12 per cent since February.

misunderstood statistic."

the main measure of money in

they relate to Whitehall.

Government controls possibly including private capi-

Treasury) are rigid and inflex- lated by publicly appointed com-

commercial freedoms and mar- Geoffrey Howe, the Chancellor.

safeguards as necessary in cases frey will outline proposals for of market or production domi-improving the controls of the

equity funding, taking in pri- also support attempts by British

suffered by sterling M3 this year ling M3 could play an equally and gave advice on how policies important part in justifying a

Other alternative local taxes gressing very slowly with its such as assigned revenues and attempt to computerise PAYE, local petrol taxes have now been making a local tax difficult to relegated to an appendix. The most interesting appendix is a decade. But the Green Paper discussion-paper on creating a outlines various alternatives, ineducation, removing from rate-payers the pressure which education costs impose.

The paper is not intended to deal with non-domestic rates but there is a section outlining the problems of commercial and industrial ratepayers. It sug-gests some solutions such as a national non-domestic rate levy and points out that all the alternatives to domestic rating have serious implications for industrial ratepayers.

#### China's Government urged to curb prices

THE NATIONAL People's

The call, contained in the sitting of the congress, iden-tifies the greatest problem facing the Chinese leadership the extreme pressure building up for a fresh round of

Subsidies on what are re described as "living neces-

Wang Bingqian, the Finance Minister, admitted in a speech at the opening of the congress that paying out huge price subsidies for hasic commodities was mak-ing it difficult to balance the

ture remain big," he said. It would take "quite a long period of period of strenuous effort to achieve a hasically halanced hudget and balanced credit payments."

He revealed that China

was budgeting for a deficit of about \$1.7bn next year. He said that in order to ensure a steady development in the national economy, some expenditure could not he further reduced, Spendhave to be increased.

Congress appealed to the state council "to take further stepjs next year to strengthen the control of finance, credit and prices while paving attention to expanding production and practising economy, so as to maintain a basic balance between revenue and expenditure and ensure that prices

are stabl by and large." The resolution co-incides with widespread reports throughout the country of panic buying because of fears that prices of some staple foods are about to rise. The authorities have denied that increases are planned. But this has apparently not stopped the spread of rumours that price increases are on

By Tony Walker in Peking

Congress, China's Parliament, vesterday urged the Government to control prices, and warned that living costs were going up at an alarming rate. final resolution of a two-week

price increases for basic commodities.

sities" such as cereals, cot-ten, cooking oll, fish, eggs, vegetables and coal, will cost the Government \$18.8bn this year, the congress was told at the weckend.

The cost of subsidies has increased by some 30 per cent in the past year. Since 1978, the rise has been in the order of 400 per cent, putting a massive strain on the national hudget.

The difficulties confronting the State financial struc-

THE LEX COLUMN

# Monopoly with loaded dice

Hong Kong to Threadneedle Street, the Monopolies Commission report on the rival bids for the Royal Bank of Scotland is awaited with various degrees of foreboding. Extreme positions have been taken up: reputa-tions are at risk. Not all the reputations belong to bankers
—the Monopolies Commission itself has a beleaguered look. It badly needs a triumph to re-deem itself. The report had better be good.

Last week the commission starred in three dramas, with steadily diminishing degrees of success. First it dismissed, on relatively straightforward competitive grounds, the proposed horizontal merger between European Ferries and Sealink. That was fine, except for Sea-link's exquisitely tactful decision to shove up its prices immediately.

Next came Lonrho/House of Fraser, where the commission reached the conclusion that a merger would be against the public interest on arguments that were widely felt to be un-satisfactory. Brickbats all round, and the suspicion that not everybody accepted the spirit of the verdict with good grace. Finally, the commission suffered the degradation on Thursday of seeing its decision . on credit card surcharges by retailers overturned by the Government, anxious to pander to the consumer. If the Royal Bank document is another flop, the commission will not have

many friends left. Some of the criticism the commission has attracted concerns the competence of its natural for the Lonrho/Fraser report to study Lonrho's motives in trying to get hold of a large block of underworked property assets very carefully indeed. But the point is glossed over. Similarly, in investigating & W Beristond's bid for British Sugar, the commission showed a certain naivety in supposing that the competition aspects of the proposed merger

were negligible.

from the wretched terms of reference under which the commission labours. The question of detriment to the public of the conglomerate mergers—ingly, is now working with a interest which it is required by the general run of Monopolies fuller order-book. Profits are 36 the Fair Trading Act to conclude the commission fodder at the per cent above the second half commission labours. The question of detriment to the public sider is positively oceanic in moment — would be left to the scope. It can embrace the market protection of regional interests (as with Highland Distilleries),

But most of the trouble comes

oublic interest" in the efficiency of House of Fraser. Debenhams and UDS, their employees and shareholders, would hardly agree with that. If Fraser becomes less efficient, its competitors will benefit, but the commission seems to have no faith in the power of the market place to protect the

The question of whether or not a hid gets referred to the and pulling wool over the eyes commission is highly unpre-dictable, and so is the nature sit on the Monopolies Commisof the public interest criterion sion. on which an individual proposal is assessed. It is hardly fair to the commission, though to criti-cise it for making a mess of an impossible brief. Its work might be made slightly easier if the burden of proof were transferred entirely onto the shoulders of the commany shoulders of the company making a bid. As the rules now stand, bids such as Berisford/

British Sugar and Wilkinson Sword/British Match are allowed through - cases in work. To many people in the which the commission can see City it would have seemed no substantial benefit, but cannot identify a likely detriment to the public interest.

That might just stop some marginal blds being made, but it would not absolve the commission from having to appraise complex evidence, going well-beyond questions of competition. The alternative would where there is a genuine monopoly point - horizontal mer- to ribbons. gers, vertical mergers (such as Pilkington/UKO) or con-glomerate mergers which perience a pronounced weaken-

Investing institutions argued tious spending programme, to the Monopolies Commission which will result in a modest strategic national questions (as that they would like Fraser to cash outflow over the current in the case of a U.S. bid for remain independent in order to six months. But the balance

diabolical cynicism to wonder how high Lonrho would have had to pitch a market raid to make some of these institutions exchange the benefits of holding Fraser shares for hard cash.

Leaving important decisions to the market is hard to justify until institutional time horizons begin to reflect the length of a fund's liabilities rather than the number of days to the next trustee meeting. But in the meantime there are desirable changes to be made in the operating framework. It is ludicrous that takeovers should be encouraged by a tax system which penalises companies with overseas earnings and British

shareholders. Without the problem of unrelieved ACT, Lonrho might never have come near Fraser, nor Brooke Bond approached Mallinson-Denny. And if genuine fiscal advantages were granted to de-merging, merchant banks' corporate finance teams would have another way to earn fees besides aggregating British industry into ever larger blocks

#### Norcros

The proceeds of January's rights issue and a buoyant performance overseas have kept Norcros on the growth tack with profits before tax for the six months to September rising by a quarter to £11.3m.

But the UK consumer division has at last succumbed to the recession and the company's nervousness about current trading is reflected in its decision to peg the interim dividend for the third successive year. Hygena is still a headache, with lower trading losses being supplemented by stock write-offs totalling £300,000. Both tiles and windows were sheltered from the early effects of the recession by the fairly resilient home im-provement market. But spending is now tailing off here too and be to restrict the involvement is now tailing off here too and of the commission to situations margins for the consumer division as a whole have been shot

The printing and packaging of last year. Norcros is applying its rights issue cash to an ambi-Davy) and the running of provide them with direct sheet is still in good shape, and department stores in the West exposure to the department the shares, trading at 88p ahead store sector and that an invest- of the announcement, yield a The commission sees "a clear ment in Lonrho would be no historic 9.2 per cent.

#### awareness in Continental Europe of the dangers of debt measures the amount of notes and coin as well as bank deposits. Officially it remains the centreplece of the strategy Loan dependency has weakened industries, Page 5. for reducing inflation. How-

become statistic."

UK TODAY

weather spreading south. Very cold. London, S. & E. England, S.

Weather

Wales, Midlands, Channel 1s. Sleet and snow dying out, gale force winds. Max. 3C.

N. Wales, N.W. England, W. Scotland, N. Ireland. Isolated snow showers. Max.

Ragiand, E. Scotland, Borders, Orkney and Shet-Some heavy snow and drifting. Max. 2C. (36F.).
Outlook: Widespread frost,

freezing fog patches. WORLDWIDE

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#### chases, enforced lower consump-

tion levels, fuel switching, expansion of domestic energy production and, possibly a movement of stocks from one country to another. prospect of supply problems.

Oil consumption in OECD countries fell 8 per cent in 1980

#### Oil supplies Continued from Page 1

and 5-7 per cent this year. Oil demand is expected to remain West's call for supplies from Opec not likely to be more than day needed at times in the

1970s.

depressed next year with the continues with a vigorous policy fuel development. ountry to another.

23m-24m barrels a day—well The agency's governing board
At present there seems little down on the 30m-31m barrels a says there is considerable un-

He adds: "the best solution rather than to try, unsuccess

would therefore be to adjust fully, to adjust policy to the

By the mid-1980s demand for quantities.

Opec oil could be 26m-27m barrels a day, assuming the West of conservation and alternative

# The agency's governing board

certainty whether Opec oil would be available in such

# Schmidt backs closer link with E. Germany

BY JONATHAN CARR AND LESLIE COLITT IN EAST BERLIN AND KEVIN DONE IN FRANKFURT

CHANCELLOR HELMUT SCHMIDT of West Germany HELMUT made clear yesterday that the two German States would strive to improve their relations further, despite the latest crisis across the border in Poland.

Speaking after the first official East-West German summit meeting for 11 years. Herr Schmidt said that both countries hoped Poland's difficulties could be resolved peacefully without out-side interference.

He said that Herr Enrich
Honecker, the East German
State and Communist party
leader, had been just as ing political instinct, and of action in Poland. The Chancellor made his com-

WEST GERMANY will continue to make available a big trade credit facility to East Germany, even after the end of this month, when the credit sum was due to be cut sharply, writes

Jonathan Carr.
The two States have agreed to discuss concluding a longterm trade accord, and to try to boost general economic co-operation, for example through joint industrial projects in third countries. West Germany's interest-free trade credit to the East will

be prolonged for six months to June 30 1982.

This so-called "swing" credit, which totals DM 850m annually, would have dropped to DM 200m from next month without new action now.

shocked" as he at the latest political dishonesty" in remain- visit Est Germany in August last ing Herr Honecker's guest at a year, but the trip was dropped ments at a Press conference and declared in Poland and leading in a television interview near members of Solidarity arrested. the snow-swept town of Herr Honecker, he said, was his three-day visit, which has Beisenthal in East Germany, the leader of an East bloc brought few immediate results

only about 30 kilometres from regime that for months had led the Polish frontier.

They followed more than 15 for a hard approach to Solities after a period of setbacks, hours of talks with Herr darity, if necessary with force.

Throughout the way the way the call in the sharpest lones for development of bilateral the call in the sharpest lones.

Throughout the visit Herr Honocker, which Herr Schmidt Given the close political links Schmidt he called some of the most intensive discussions he had ever had East bloc states, there could be the two Given the close political links Schmidt has sought to underwith a leader of another State. no doubt that Herr Honecker The talks came under fierce knew of the imminent moves his final Press conference was attack from Herr Franz Josef by the army in Poland. The no exception. Strauss, the Chancellor's chal- setting of the date for Herr

mained loyal members of their respective alliances, they had a

Herr Schmidt intended to

because of Polish unrest. Now a new Polish crisis has overshadowed the last day of but appears to have laid the way

line the common ties which link Germanies, despite their political differences, and helow, no exception.

ing the Poles financially, a point not previously known. He stressed that though Bonn

had backed credit for Poland no matter who was in the Government there, it had come to the limits of what was financially While both German States re-

special responsibility to contri-

bute to peace through a relaxa-

tion of tension in Central Europe, he said. He repeated the formula which has been used by Herr Honecker before and during this visit, namely that "never again must a war begin on German soil," and appealed to Germans to see their divided land in a historical perspective and with

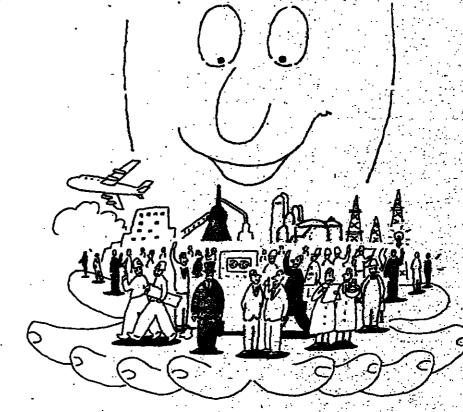
hone for the future.
One clear result of the trip is that Herr Schmidt and Herr Honecker are on very much easier terms. In their final hours in Guestrow they joked with one another and even threw snowballs from the town half balcony on to crowds applauding

These friendly personal rela tions are expected to develop He indirectly let slip that the further when Herr Honecker lenger at the last election. He Schmidt's visit showed a "naked accused Herr Schmidt of "lack-cynicism," sair Herr Strauss.

Last Germans as well as the comes to Bonn next year, at a accused Herr Schmidt of "lack-cynicism," sair Herr Strauss.

West Germans had been help-date yet to be fixed. West Germans had been help- date yet to be fixed.

## People come to Tokai because Tokai takes charge.



The word is getting around that Tokai Bank is the place to go for expert international financial assistance. And it's as much a matter of attitude as it is of know how. Tokal is the 29th largest bank in the world, so they're big enough to know what they're talking about. But they're also small enough to talk straight. Consequently all kinds of people involved in international business are getting answers from Tokai - answers that make sound financial sense.

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